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Public-Private Partnerships

September 2022

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Overview

Public-Private Partnerships

- Concepts
- Benefits
- Risks
- Implementation


Examples

- Types
- The Ohio State University
 - Residential
 - Parking
 - Sustainability (utilities)



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Course Description

- Discuss the Public-Private Partnership concept
- Consider how partnerships can benefit higher education
- Introduce how a Public-Private Partnership is created
- Review types of agreements and arrangements




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Concept

- Public-Private Partnerships
 - Contract between a non-profit and a private company
 - Non-profit transfers responsibilities/risks to a private company
 - Non-profit maintains ownership




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Agreements are Unique

- Long term (25-75 years)
- Capital
- Operation
- Maintenance
- Construction/renovation



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Benefits

- Up-front Capital (Asset Monetization)
- Increased bonding/debt capacity
- Reduced Risk (financial, operational, etc.)
- Innovation
- Expertise
- Operational Efficiency

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Benefits

Utility Cost Impact

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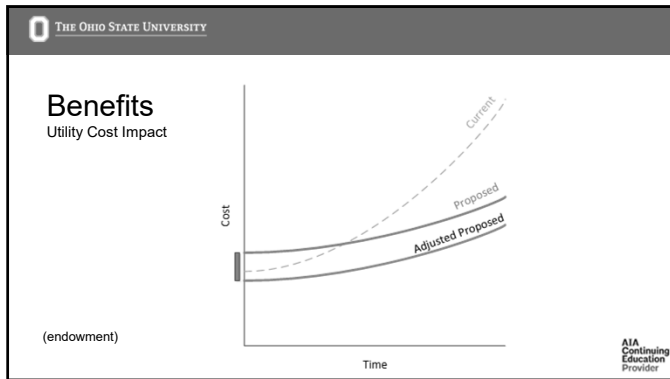
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Benefits

Utility Cost Impact

(innovation, operation, monetization)

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Risks

- Loss of control
- Profit-driven decisions
- Increased complexity
- Operational confusion
- Unexpected costs
- IT security
- Return of assets/responsibilities at lease

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Implementation

- Request for qualifications
- Request for information
- Request for proposal
- Transition
- Operation

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Stakeholders

- Provost (Academic Affairs)
- *Outside Counsel (including State Attorney General)
- Internal Counsel
- *Broker
- Business and Finance
- Facilities
- Administration
- *Consultants
- Human Resources
- Student Life
- Medical Center
- Athletics
- University Communications
- Planning and Real Estate


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Partner Selection

- Qualifications
- Litigation
- Bed Side Manner (Communication)
- Culture
- References/Experience
- Financial Standing
- Up-Front Payment




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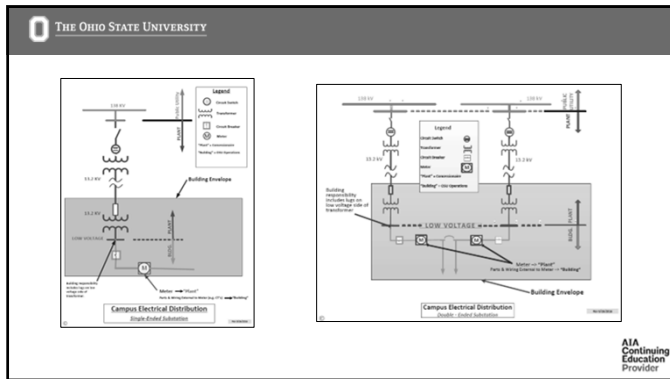
Transition

- Demarcation
- Transfer of assets (tools, trucks, etc.)
- Legal descriptions
- Employee interviews/offers
- Meetings, meetings, meetings. . .



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Ongoing

- Financial update meetings
- Operational updates (KPI review/validation)
- Construction (approval, design, building, turnover)
- Relationship building

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Examples

- Dining - Texas A&M
- Mixed Use Residential - College of New Jersey
- Roadway - Purdue (State Street) [Link](#)
- Underground Transit - Chicago (O'Hare to Downtown) [Link](#)
- Underground Transit - Las Vegas [Link](#)
- Campus Expansion - University of California (\$1.1B to double capacity from 5,000 to 10,000)

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Examples

The Ohio State University

- Residential
- Parking
- Sustainability (utilities)



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Residential

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- No longer being considered
- Legislative challenges
- Initial capital challenges
- Rental costs (sub-market) vs. Partner (market rate)
- Housing Program (dorm) vs. Partner (apartment)



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Parking

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- \$483M in endowments and scholarships
- 50-year term
- Staff opposition (funds obtained from staff and visitors)
- Contract controls growth of parking system



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Sustainability (utilities)

The Ohio State University

- 25% energy efficiency improvement within 10 years
- 50-year term
- Produced \$1.165B (Axiom-ENGIE financial partnership; Engineering and Operations)
- Funding from university departments through utility rates
- Contract encourages growth
 - ENGIE finances construction (ECM, lifecycle, and expansion; in
 - ENGIE receives interest through payback (typically 20-year)
 - ECM bonus/penalty incentive

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Sustainability (utilities)

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- Building metering
- Carbon reduction (CHP will reduce carbon emissions by 30%)
- Plant efficiency
 - Heating hot water conversion
 - Chiller plant connections
 - Geothermal Plant efficiency and expansion

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Sustainability (utilities)

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- Initial Challenges
 - Contract interpretation
 - Coordination/evaluation of first capital plan
 - Leave behind responsibilities (utilities, assets, funds, staff, etc.)
 - Relationship building
- Human Resources
 - 58 staff were directly affected
 - Retention bonuses
 - Coordination with the union
 - Staff were ensured a position if they chose to stay at OSU
 - ENGIE interviewed and offered positions

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Sustainability (utilities)

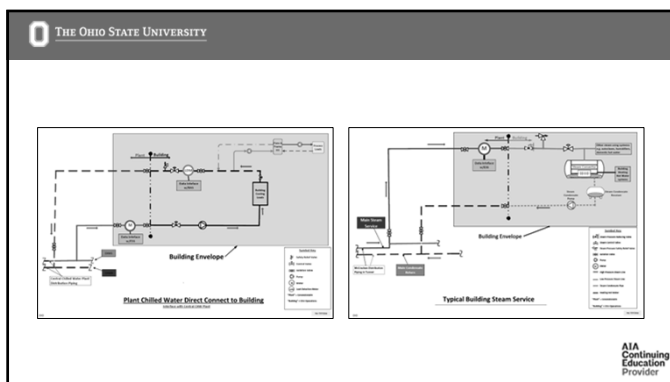
The Ohio State University

Lessons Learned

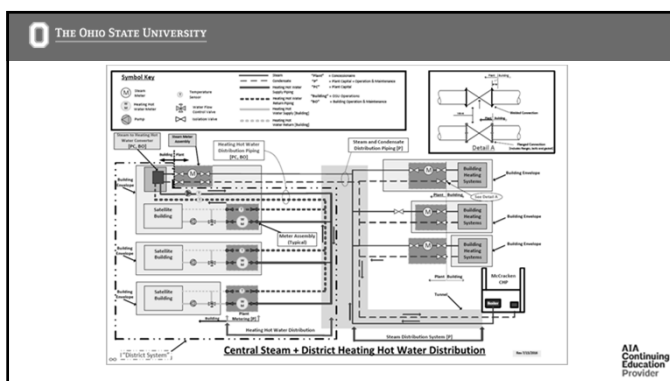
- Contract Updates**
- Coordination** – Capital Plan, Operational, Metering, Investment, Conservation Measure Projects, Life Cycle and Expansion Projects
- Demarcation** (Chilled Water, Gas, Geothermal, Electric, Heating Hot Water, Steam/Condensate)
- Key Performance Indicators** (validation)
- Master Planning** – responsibility, frequency, ect.
- Partnering** – Meetings, Meetings, Meetings ...
- Working groups** – Gas, Tunnel, Chilled Water, Heating Hot Water, Outage Coordination, Capital Planning

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Public-Private Partnerships. . .

Concept (agreement between a non-profit entity and a private entity)

Benefits (monetization, expertise, reduced risks, innovation)

Types (dining, residential, transportation, parking, sustainability/utilities)

Examples (residential, parking, sustainability/utilities)

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Questions?



This concludes The American Institute of Architects Continuing Education Systems Course

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References

Ohio State University Energy Management
<https://www.osu.edu/energymanagement/>

Education Advisory Board (EAB) -
 P3 Viability Screening Worksheet
<https://eab.com/research/facilities/resource/p3-viability-screening-worksheet/>

Is a P3 right for your campus
<https://eab.com/insights/expert-insight/facilities/is-a-public-private-partnership-right-for-your-campus/>

Navigating the Public-Private Partnership (white paper)
<https://eab.com/research/facilities/whitepaper/navigating-public-private-partnerships/>

Navigating the Public-Private Partnership (webinar)
<https://eab.com/research-and-insights/facilities-forum/events/webconferences/2017/navigating-the-public-private-partnership-p3-leadership/>

A Guide to Public-Private Partnerships: What Public Procurement Specialists Need to Know
[https://www.nigg.org/docs/default-source/New-Site/research-reports/guidetopublic-privatepartnerships\(ppps\)-whatpublicprocurementspecialistsneednowfinal.pdf?sfvrsn=4](https://www.nigg.org/docs/default-source/New-Site/research-reports/guidetopublic-privatepartnerships(ppps)-whatpublicprocurementspecialistsneednowfinal.pdf?sfvrsn=4)

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