



THE OHIO STATE UNIVERSITY

Public-Private Partnerships

January 2024



Overview

Public-Private Partnerships

Concepts

Benefits

Risks

Implementation

Examples

Types

The Ohio State University

Residential

Parking

Sustainability (utilities)





Credit(s) earned on completion of this course will be reported to American Institute of Architects (AIA) Continuing Education Session (CES) for AIA members.

Certificates of Completion for both AIA members and non-AIA members are available upon request.

This course is registered with AIA CES for continuing professional education. As such, it does not include content that may be deemed or construed to be an approval or endorsement by the AIA of any material of construction or any method or manner of handling, using, distributing, or dealing in any material or product.

Questions related to specific materials, methods, and services will be addressed at the conclusion of this presentation.



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





Facilitator

Brett Garrett, P.E. – Ohio State

Over 20 Years at The OSU for over 20 Years

Senior Director of Engineering & Infrastructure and
University Engineer

Participated in OSU Utility Concession





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

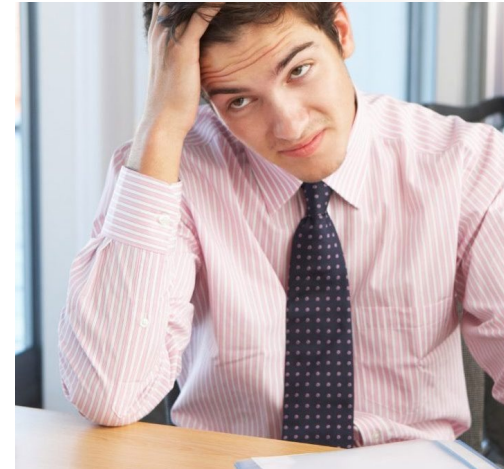


Concerns

“P3s don’t work”

LSU, Syracuse, **Oklahoma**, Colorado State, Eastern Michigan, OSU, **Iowa**, Georgetown, Howard, UMD

More P3 agreements are going well than not





Agreements are Unique

Long term (25-75 years)

Capital

Operation

Maintenance

Construction/renovation





Primary Agreement Types

Design-Build

- Fixed scope, very defined roles, projects, and boundaries
- Example: Run this steam plant...and nothing else (U Fla, UMD)
- P3 Partner is essentially just an energy contractor

Concession

- Undefined and contract is amended mutually
- Doesn't necessarily spell out projects to be completed
- Example: Run our utilities systems and help us get to a sustainability goal (OSU, Iowa, etc.)



Benefits

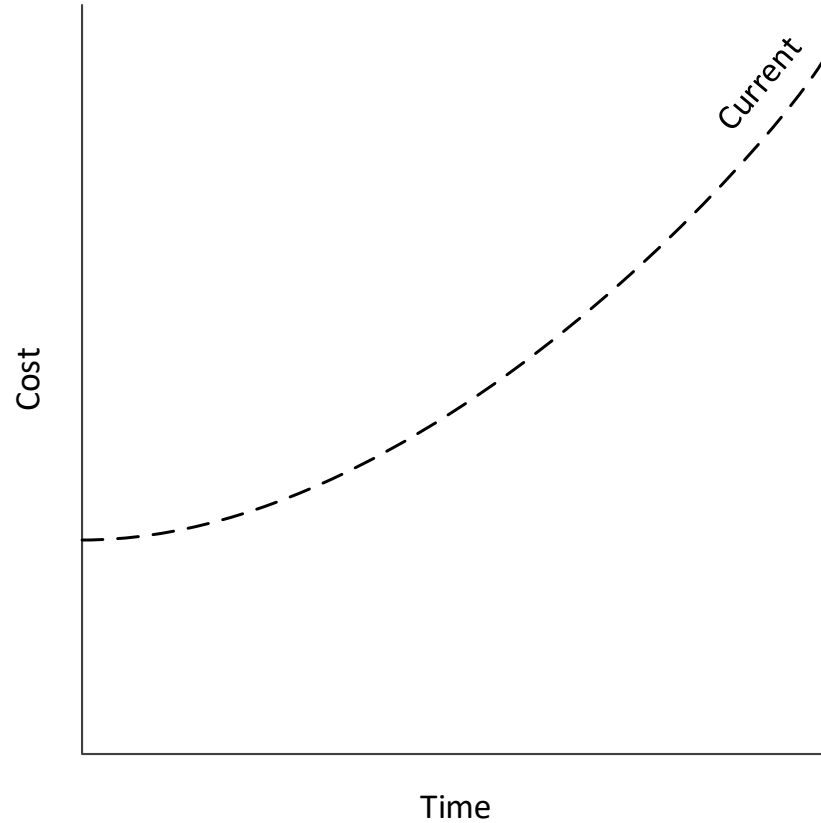
- Up-front Capital (Asset Monetization)
- Increased bonding/debt capacity
- Reduced Risk (financial, operational, etc.)
- Innovation
- Expertise
- Operational Efficiency





Benefits

Utility Cost Impact





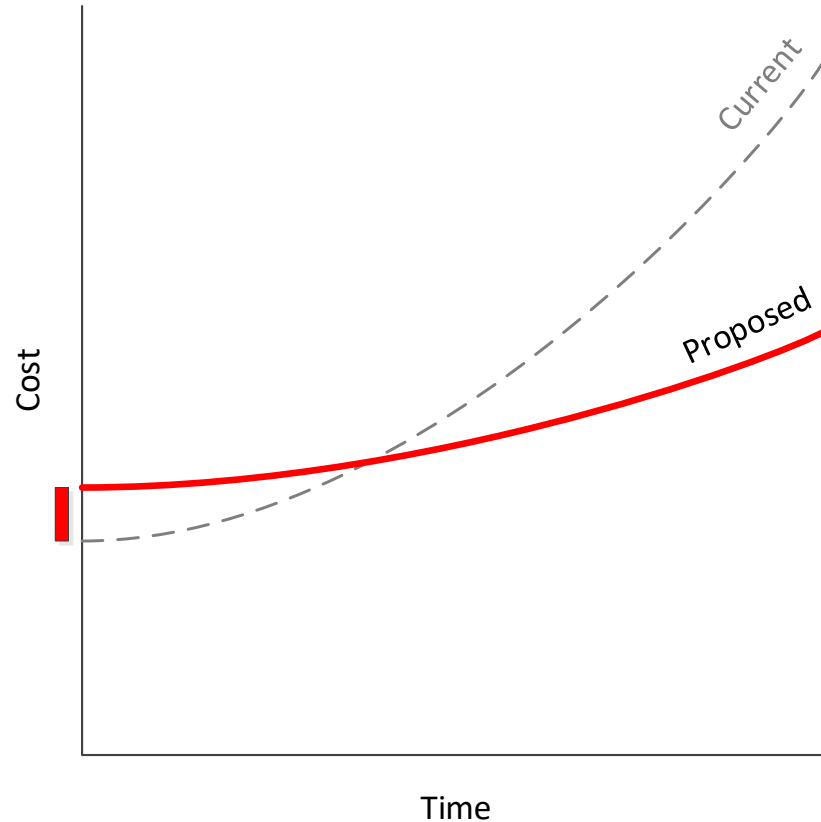
Benefits

Utility Cost Impact

Innovation

Operation

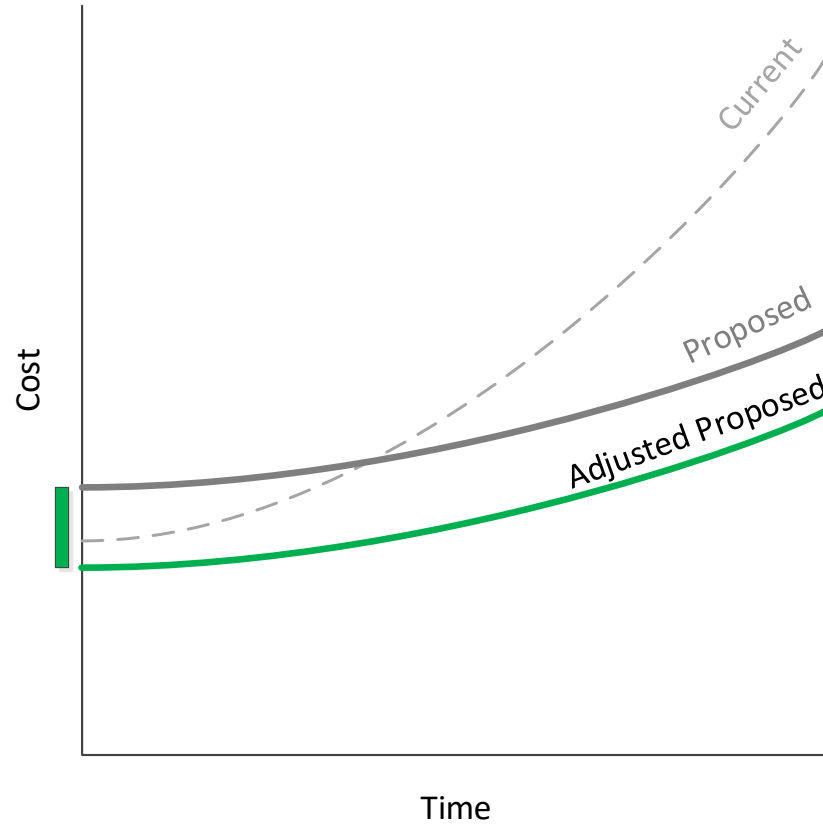
Monetization





Benefits

Utility Cost Impact



Endowment



Outcome

The institution is “Contractually Obligated” to spend money on infrastructure and investment

Harder to cut utility program funding

Contract-specified Sustainability Goals become achievable

Not subject to the desires of the next President or Board of Trustees



Risks

Loss of control

Profit-driven decisions

Increased complexity

Operational confusion

Unexpected costs

IT security

Return of assets/responsibilities at lease end





Implementation

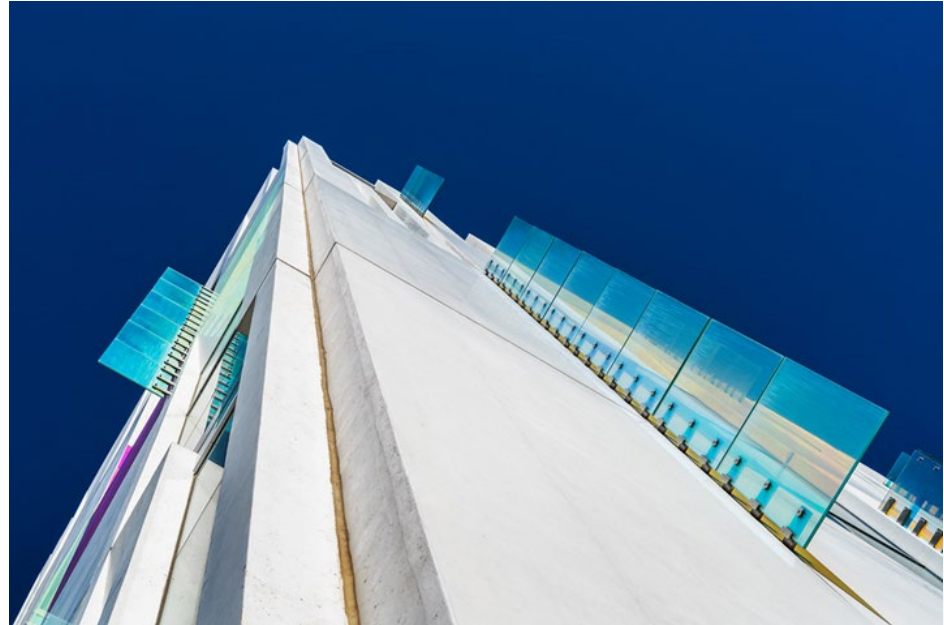
Request for qualifications

Request for information

Request for proposal

Transition

Operation





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



Partner Selection

Qualifications

Litigation

Bed Side Manner (Communication)

Culture

References/Experience

Financial Standing

Up-Front Payment





Transition

Demarcation

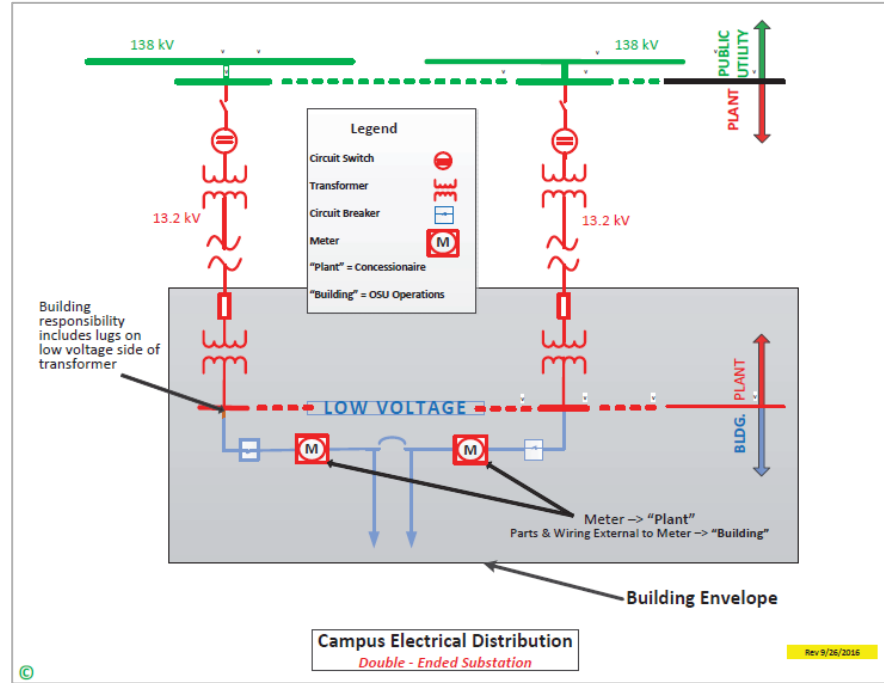
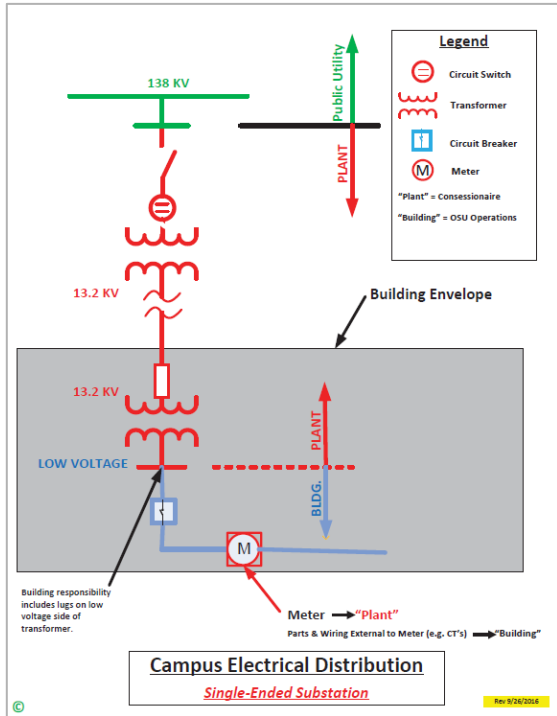
Transfer of assets (tools, trucks, etc.)

Legal descriptions

Employee interviews/offers

Meetings, meetings, meetings. . .







Ongoing

Financial update meetings

Operational updates
(KPI review/validation)

Construction
(approval, design, building, turnover)

Relationship building





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 Merced
(\$1.1B to double capacity from 5,000 to 10,000 students) [Link](#)



Examples

The Ohio State University

Residential

Parking

Sustainability (utilities)





Residential

The Ohio State University

No longer being considered

Legislative challenges

Initial capital challenges

Rental costs (sub-market) vs. Partner (market rate)

Housing Program (dorm) vs. Partner (apartment)





Parking

The Ohio State University

\$483M in endowments and scholarships

50-year term

Staff opposition (funds obtained from staff and visitors)

Contract controls growth of parking system





Sustainability (utilities)

The Ohio State University

25% energy efficiency improvement within 10 years

50-year term

Produced \$1.165B (Axiom-ENGIE financial partnership; Engie Buckeye Operations)

Funding from university departments through utility rates

Contract encourages growth

ENGIE finances construction (ECM, lifecycle, and expansion; increased bonding capacity)

ENGIE receives interest through payback (typically 20-year term)

ECM bonus/penalty incentive



Sustainability (utilities)

The Ohio State University

Building metering

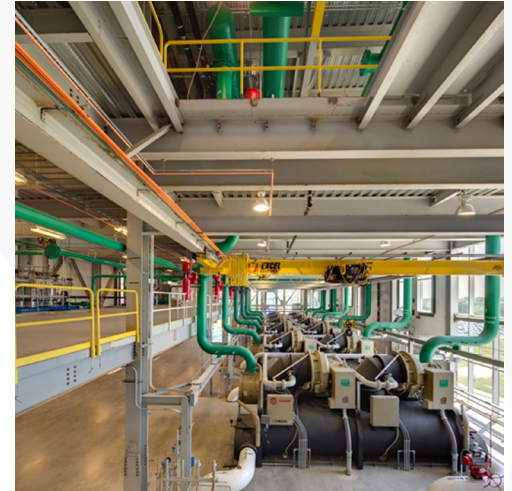
Carbon reduction (CHP will reduce carbon emissions by 30%)

Plant efficiency

Heating hot water conversion

Chiller plant connections

Geothermal Plant efficiency and expansion





Sustainability (utilities)

The Ohio State University

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



Sustainability (utilities)

The Ohio State University

Lessons Learned

Contract Updates

Coordination – Capital Plan, Operational, Metering, Investment Grade Audits, Energy 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, etc.

Partnering – Meetings, Meetings, Meetings ...

Working groups – Gas, Tunnel, Chilled Water, Heating Hot Water, Geothermal, Outage Coordination, Capital Planning



Public-Private Partnerships. . .

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

Benefits (monetization, expertise, reduced risks, innovation)

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

Examples (residential, parking, sustainability/utility)



Questions?



This concludes The American Institute of Architects
Continuing Education Systems Course



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/eabondemand>

A Guide to Public-Private Partnerships: What Public Procurement Specialists Need to Know

[https://www.nigp.org/docs/default-source/New-Site/research-reports/guidetopublic-privatepartnerships\(ppps\)-whatpublicprocurementspecialistsneednowfinal.pdf?sfvrsn=4](https://www.nigp.org/docs/default-source/New-Site/research-reports/guidetopublic-privatepartnerships(ppps)-whatpublicprocurementspecialistsneednowfinal.pdf?sfvrsn=4)

