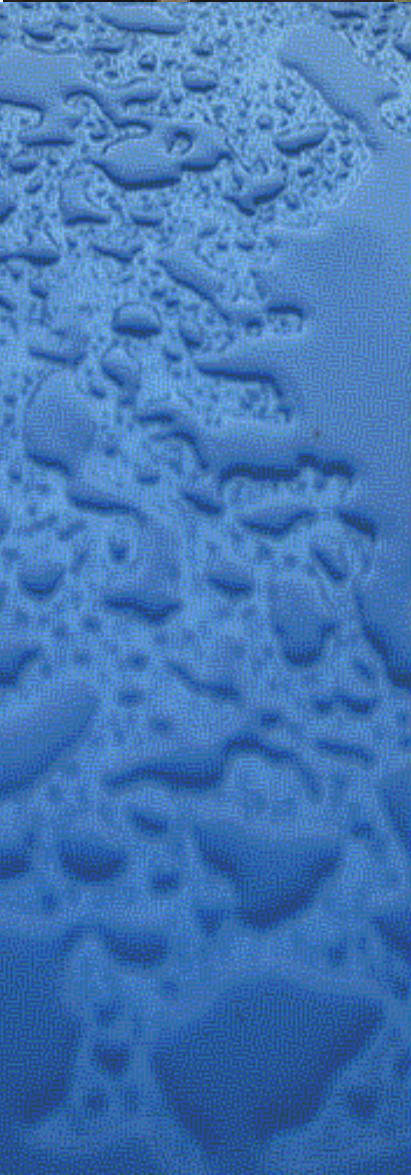


Valley Water Summit Public/Private Partnerships for Financing Water Supply Projects

Jorge Arroyo, Special Projects Director
Texas Water Development Board
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Public-Private Partnerships

Tax Incentives: fosters private investment in modern infrastructure development, including transportation and water projects.

Modernization of Infrastructure Financing: develops creative public/private partnerships to help finance major projects in areas such as water and wastewater.



Water and Wastewater Infrastructure Challenges

EPA estimates the needs for water and wastewater are in the hundreds of billions.

Challenges:

- Aging Infrastructure;
- Shrinking Budgets; and
- Increased Demands.



Public and Private Sector Strengths

Public Sector:

- Legal Authority;
- Protection of Procurement Policies;
- Broad prospective/balance the competing goals to meet public needs;
- Personnel – dedicated but constrained; and
- Capital resources and underutilized assets.

Private Sector:

- Management Efficiency;
- Newer Technologies;
- Workplace Efficiencies;
- Cash Flow Management;
- Personnel Development; and
- Shared Resources.



Public-Private Partnerships

Advantages:

- Maximizes the use of each sector's strength
 - Reduced development risk
 - Reduced public capital investment
 - Mobilizes excess or underutilized assets
 - Improved efficiencies/quicker completion
-

Common Factors:

- Shared Resources
- Shared Risks
- Mutual Rewards



The Private Sector's Criteria

- A genuine pressing need – does the public really want the project?
- Enabling legislation in place?
- Reasonable development timeframe?
- Financially feasible (public, user fees, etc.)?
- Unsolicited proposal authority w/set timeframes?
- Program simplification and enhancements
- Management and shared risks
- Political climate
- Public sector procurement path
- Market evaluation
- Environmental evaluation
- Solid partnership philosophy



Keys to Successful Public-Private Partnerships

Statutory and Political
Leadership

Organizational Structure

Detailed Business Plan

Stakeholder Support

Pick Your Partner Carefully



Organizational Structure

Someone has to be responsible for the Public-Private Partnership Organization.

Both organizations should:

- be dedicated (tied to the purpose of the partnership); and
- have dedicated and trained personnel to monitor implementation.



Detailed Business Plan

All Public-Private Partnerships should have a detailed business plan (contract) that is performance oriented.

Business Plan/Contract should include:

- specific milestones and goals;
- reporting of metrics and frequency; and
- dispute resolution procedures.



Stakeholder Support

Stakeholder support requires open and frank discussion and knowing and understanding the facts.

Stakeholder Support:

- public sector
- private sector
- environmental sector
- end users
- competing interests



Pick Your Partner Carefully

When entering a public-private partnership, you should pick your partner carefully.

Establishing a Partnership:

- verify experience (technical capability);
- verify financial capability; and
- select "best value."