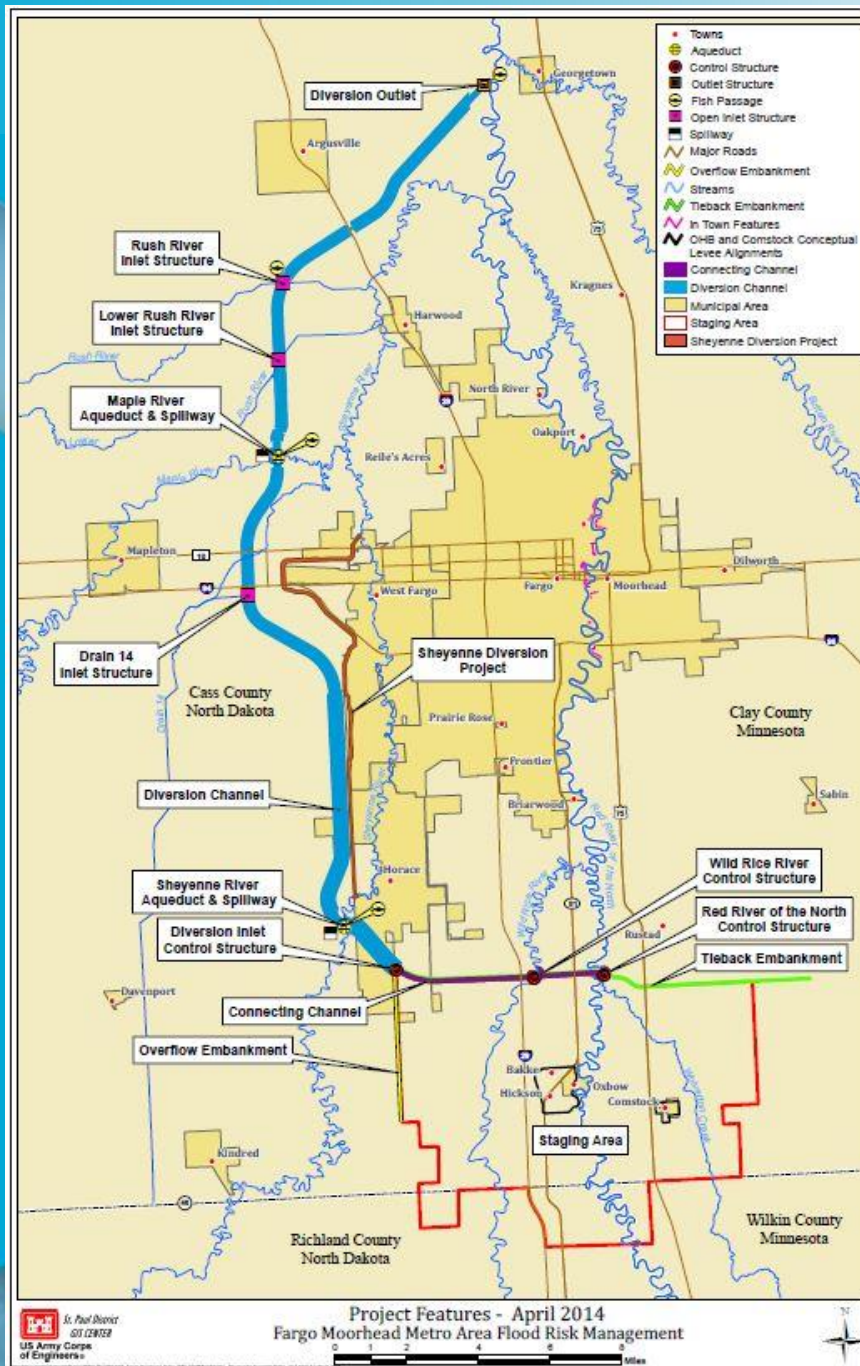


FM Area Diversion Project

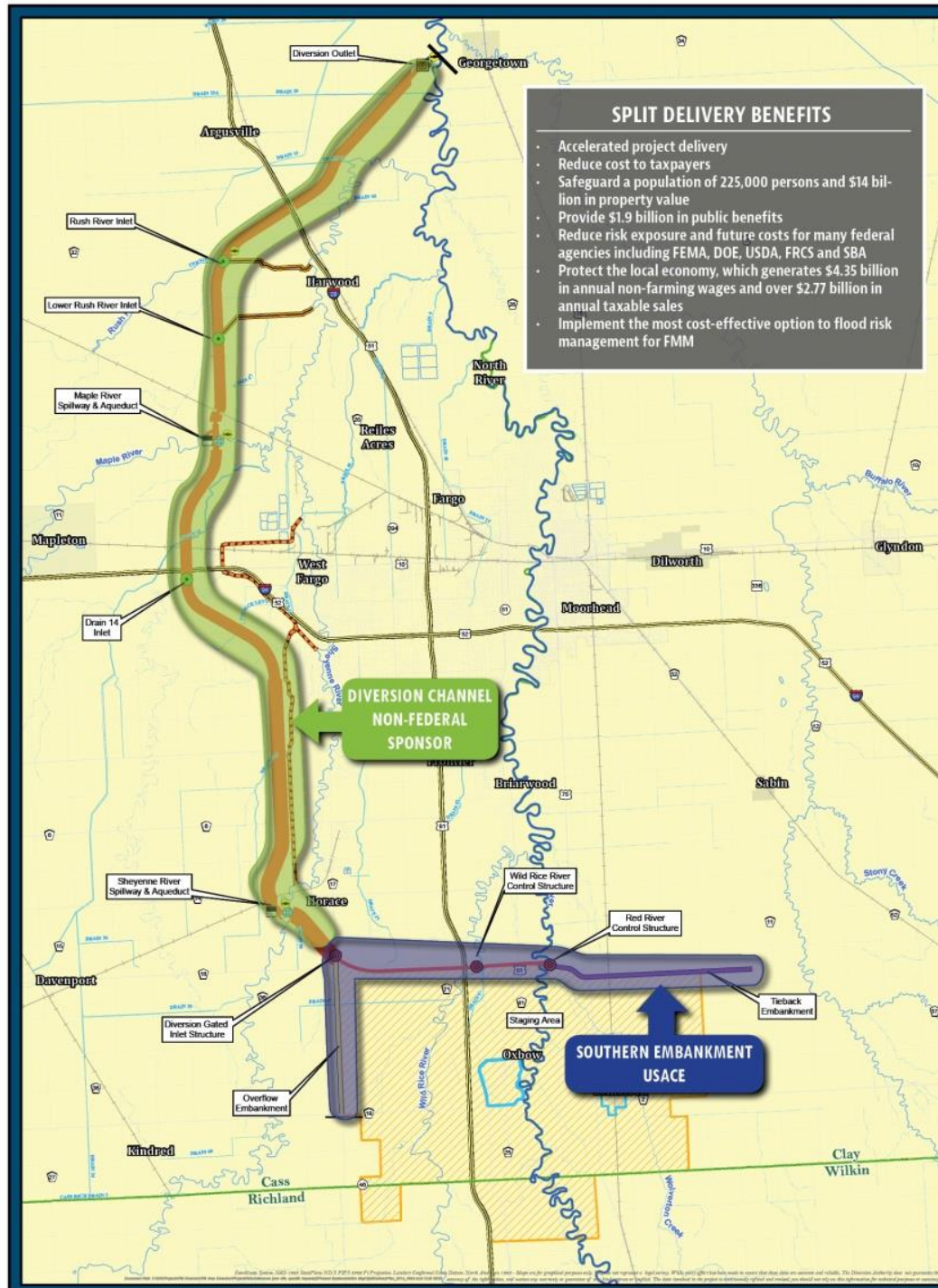
P3 Basics

February 25, 2016



PPP Split Delivery Plan

- **Diversion Channel and Associated Infrastructure**
 - Non-Federal Sponsors (Diversion Authority)
- **Southern Embankment and Associated Infrastructure, and Mitigation**
 - USACE



P3 – WHAT IS IT?

P3 = PUBLIC PRIVATE PARTNERSHIP

“A contractual agreement between a Public Agency (federal, state, or local) and a private sector entity. Through this agreement, the skills, and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the services and/or facility.”

- The National Council for Public-Private Partnerships, “Testing Tradition Assessing the Added Value of Public-Private Sector Partnerships,” (Arlington, Virginia 2012) p.2, <http://www.ncppp.org/wp-content/uploads/2013/03/WhitePaper2012-FinalWeb.pdf>

HISTORY

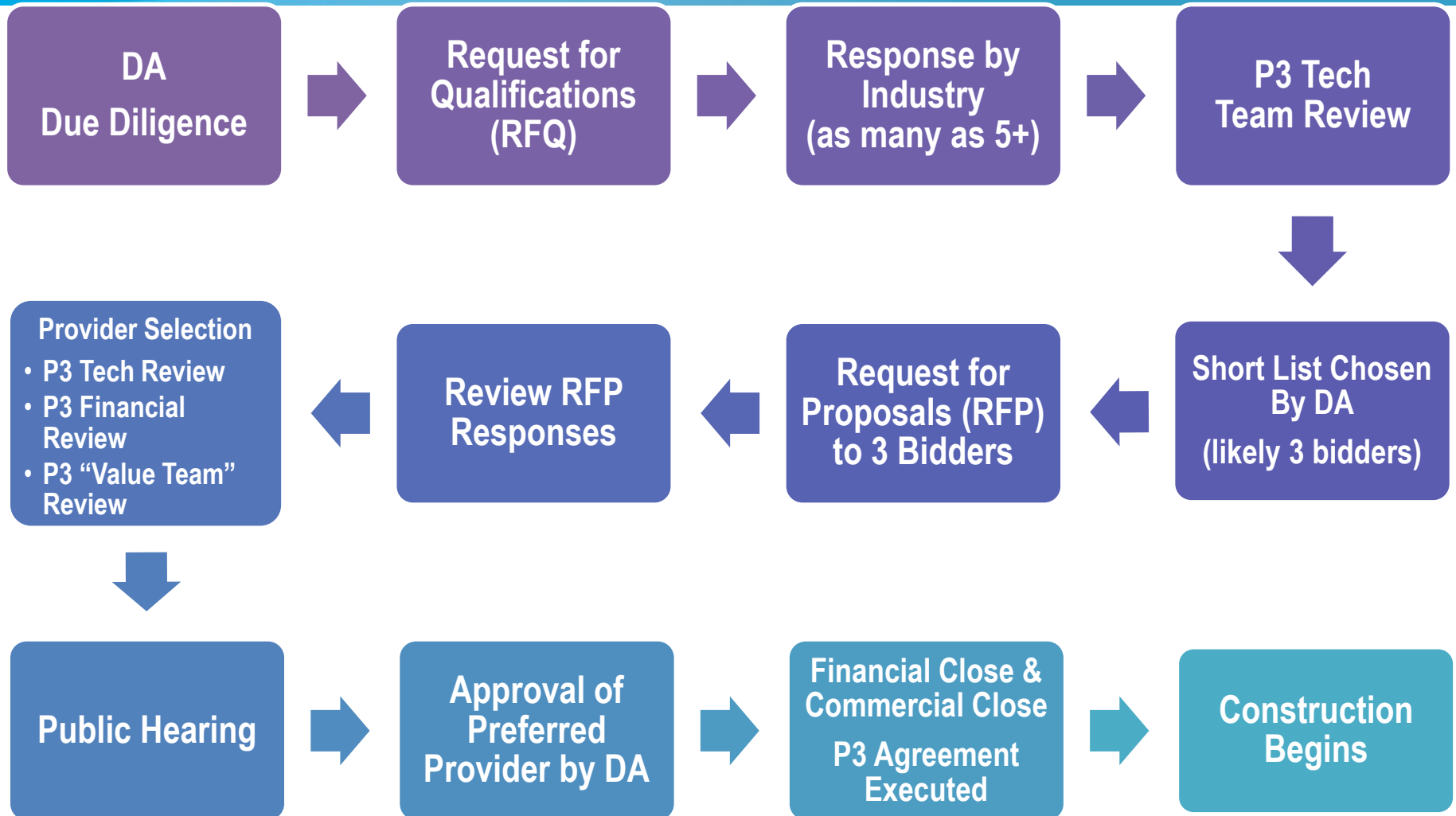
Use of P3s in the U.S. predates American Revolutionary War

- 💧 1652: Boston Water Works Company, 1st private entity to supply drinking water to U.S. citizens
- 💧 1793: Lancaster Turnpike, toll road built by private sector with public sector oversight and rights of way
- 💧 1825: Erie Canal
- 💧 1868: First Transcontinental Railroad
 - *Funded by stock issued by private companies that were chartered by Congress*
 - *As tracks were completed, federal lands adjacent to tracks were granted to railroads for private development, provided return to investors*

P3 vs. Privatization

- 💧 “Public Private Partnership” & “Privatization” often used interchangeably, but ***are not*** synonymous
- 💧 In P3, the Public Sector Partner retains ownership & control over the asset, even when some responsibilities are transferred to Private Sector
- 💧 Public Sector retains control over establishment of user rates, operating standards, other requirements
- 💧 Degree to which responsibilities are retained or shared is defined in the P3 Agreement
- 💧 In Privatization, Public Sector sells some or all of asset to the Private Sector

HOW DOES IT WORK?



HOW WILL IT BE USED FOR PROJECT?

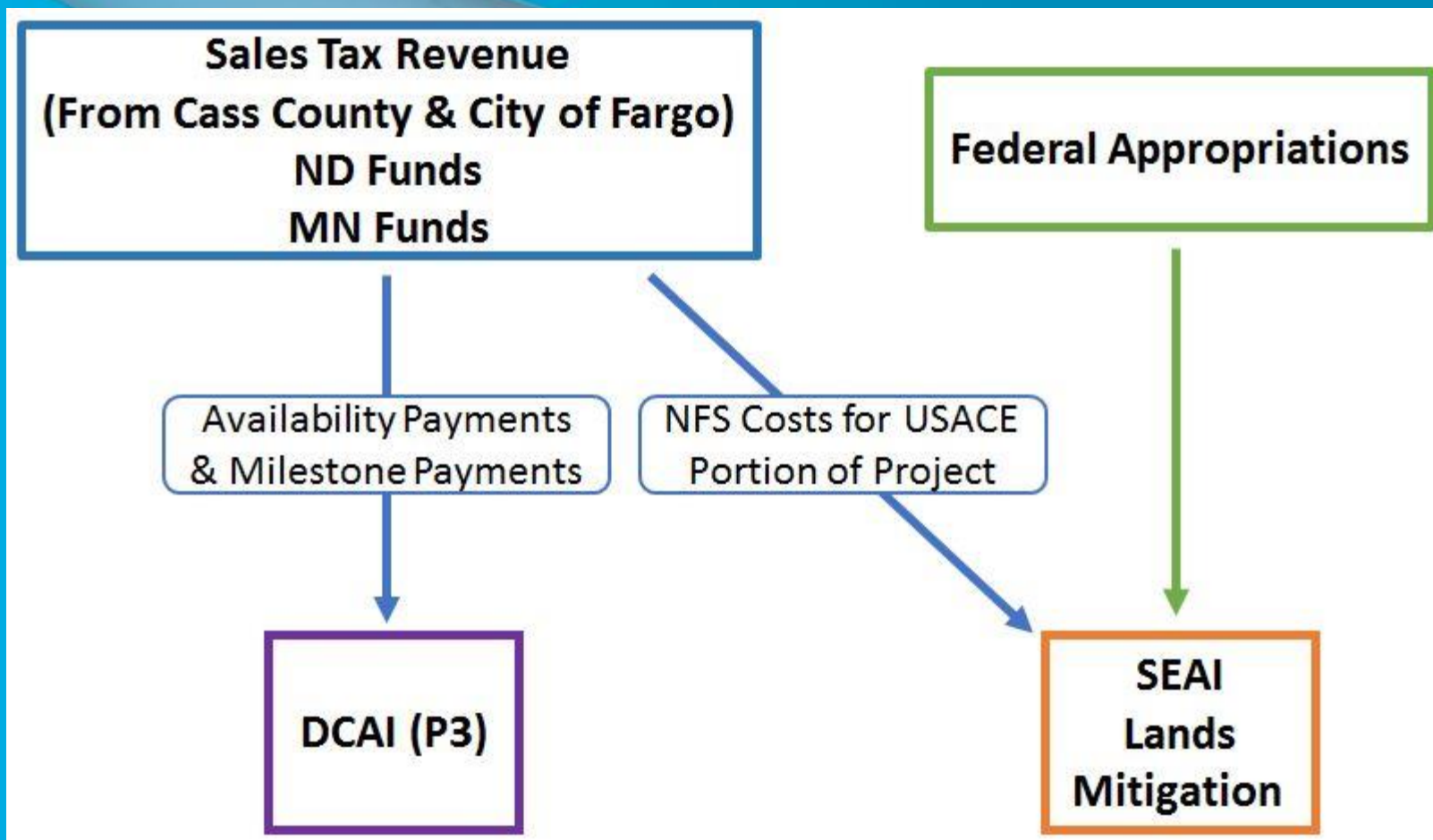
💧 P3 will **only** be used for NFS Element (Diversion Channel and Associated Infrastructure, DCAI)
(Split-delivery)

💧 Not used for

- *Land acquisition*
- *Tie-back levees*
- *Red River Control Structure*
- *Wild Rice Inlet and Control Structure*

These items will be constructed using traditional bidding and procurement practices.

(NFS= Non-Federal Sponsor, DA)



HOW DO WE PAY FOR IT?

💧 Milestone Payments

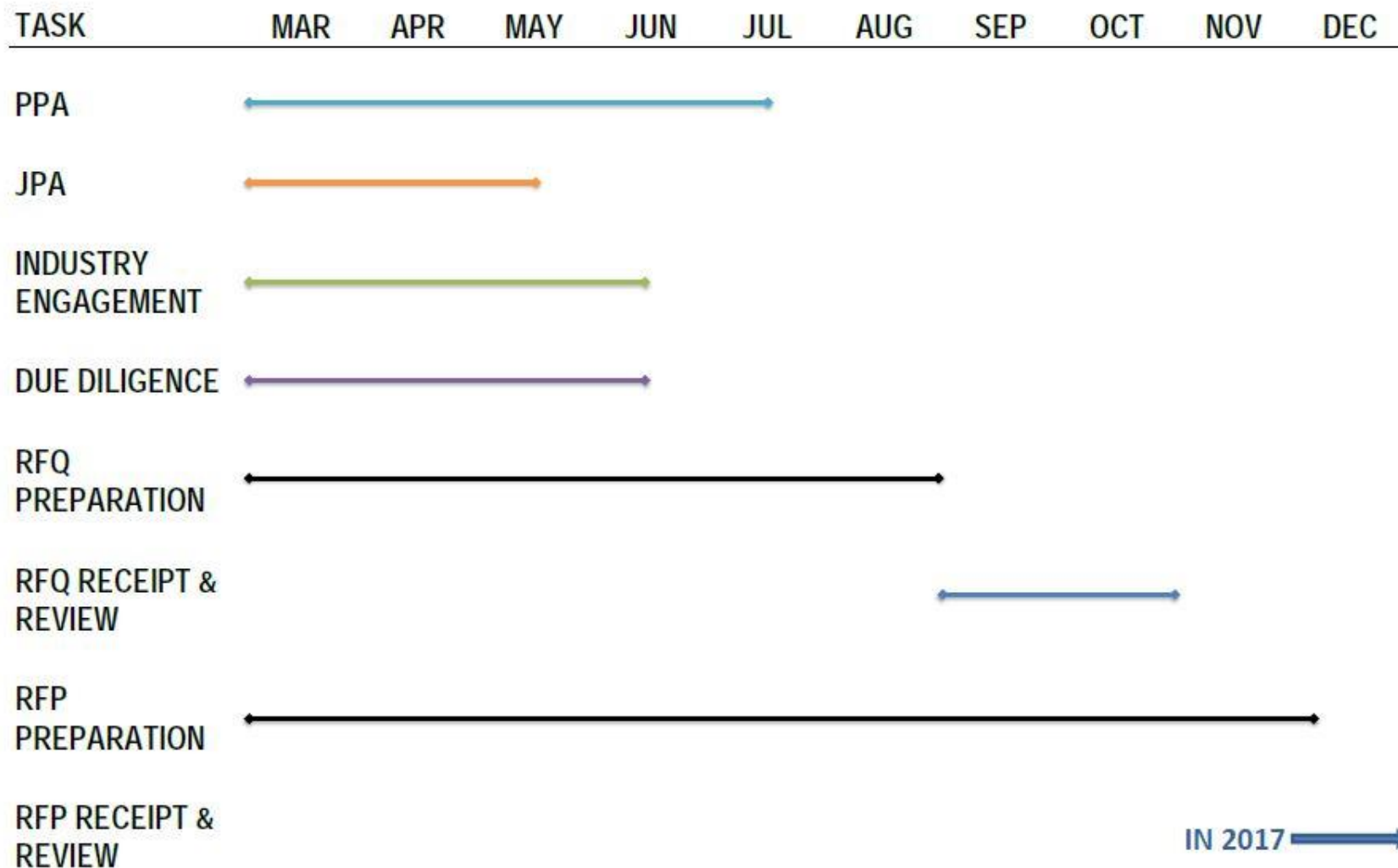
- *Payments to the P3 Developer for achievement of agreed upon construction or progress milestones in the P3 Agreement*

💧 Availability Payments

- *Periodic performance payments to the P3 Developer for the term for the P3 Agreement, for the design, construction, financing, operation, and maintenance of the Project in accordance with the agreed technical requirements*

💧 Term = Generally 30-50 years

2016 TIMELINE



Questions