

**RTD FASTRACKS**

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## **Overview of Public-Private Partnerships (PPPs)**

**November 2007**

# Public-Private Partnerships

- PPPs offer an innovative approach to efficient project delivery
  - Design-Build-Finance-Operate-Maintain (DBFOM) mechanism being pursued
  - Private equity involved
- Focus is on Gold Line, East Corridor, and commuter rail maintenance facility
- Also PPP opportunities for other corridors
- RTD retains ownership of all assets

# The PPP Process

- RTD hired PPP Financial Advisor
  - Goldman Sachs/JPMorgan Team
- RTD has developed new financial model with PPP Financial Advisor
- RTD and PPP advisors will develop an RFQ and a more detailed, comprehensive RFP
- RFP will include defined requirements related to areas such as design, fares, operations, maintenance and public information

# The PPP Process

- Agreement will include long-term lease payments by RTD to private partner
- Similar to the concept of 30-year vs. a 15-year mortgage
  - Less of a payment for a longer period of time
- RTD will oversee the performance of the contractor
- RTD has the right to reduce payments and ultimately cancel an agreement if the private partner does not perform
- Additional incentive to perform from private investors

# Benefits of PPPs

- Allows RTD to spread out large upfront costs
- Transfers certain construction and operational risks to the private sector
- Preliminary estimates indicate potential for 10% savings on capital and operating costs
- Reputation for delivering projects on time and on budget
  - Often accelerates delivery and reduces costs

# Growing Interest in PPPs

- PPPs have been common internationally for many years
- Becoming more attractive to public entities in the U.S. because of available capital in the international marketplace
- Currently, PPP activity is underway in 20 states

# PPP Procurement Schedule

- Industry Meeting Early Spring 2008
- Release RFQ Late Spring 2008
- Short-Listed Teams Selected Summer 2008
- Release of RFP Late Summer 2008
- Short-Listed Teams Input Fall 2008
- Final RFP Released Early 2009
- Proposals Due Spring 2009
- Selection of Team Summer 2009