

# Public Private Partnerships: Lessons from Florida



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# *“If we had the money...”*



# Discussion Points

- Types of P3s Implemented
- FDOT's P3 Legal Framework
- Value Proposition
- I-4 Ultimate Example
- Lessons Learned



[www.595Express.info](http://www.595Express.info)

# Types of P3s Implemented

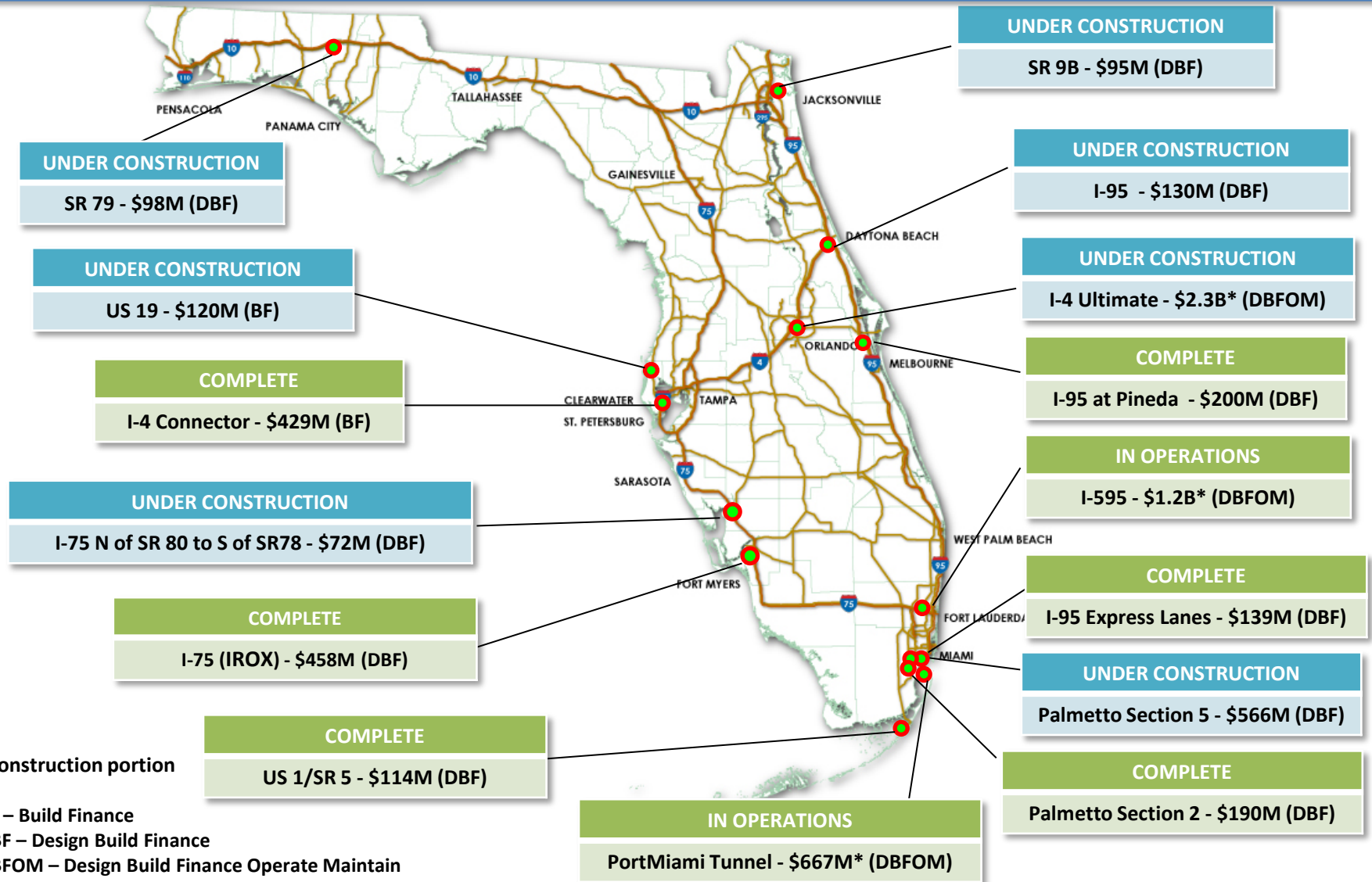
## Design-Build-Finance (DBF) or Build-Finance (BF)

- Traditional agreement
- Construction only
- Cash Availability Schedule
- Terms around 7 years
- Short-term financing
- \$100 M - \$500 M
- Project advanced 2-3 years

## Design-Build-Finance-Operate-Maintain (DBFOM)

- Concession Agreement
- Add Operations & Maintenance
- Construction period and availability payments
- Terms of 35 to 40 years
- Long-term financing
- More than \$500 M
- Project advanced 15 years or more

# \$6.8B in Construction Advanced



\*construction portion

BF – Build Finance

DBF – Design Build Finance

DBFOM – Design Build Finance Operate Maintain

# FDOT P3 Legal Framework

## *Framework Offers Creditworthiness, Controls*

- Authority for availability payment deals introduced in 2007
  - Availability payments prioritized ahead of new capacity projects
  - 15% of federal and state funding cap, cost effectiveness analysis
- Further controls introduced in 2012
  - Approval by Governor following Legislature review
  - Inclusion in State Transportation Trust Fund debt assessment
- Additionally, some P3 payments are included in the state's annual Debt Affordability Report

# P3 Value Proposition

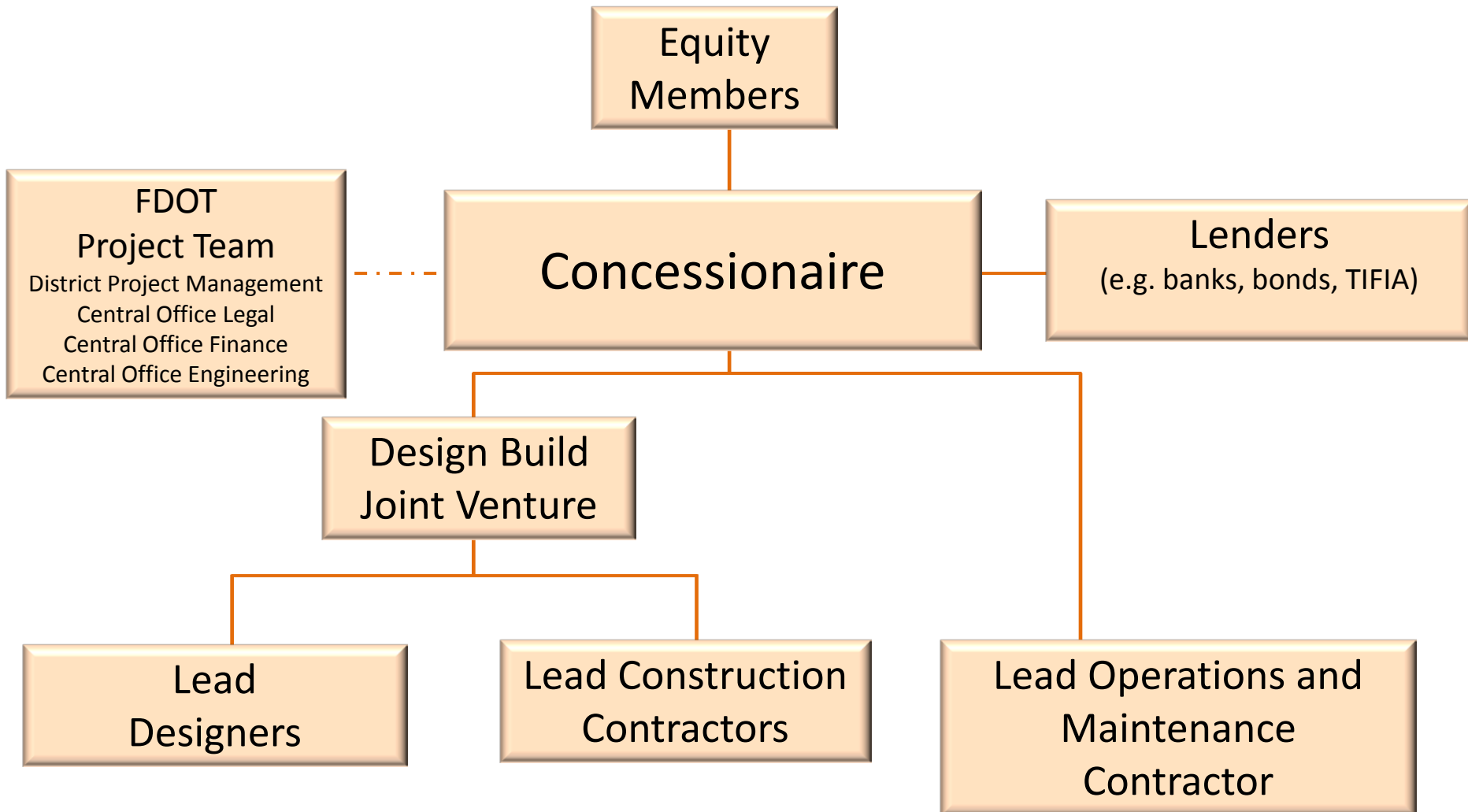
## *DBFOM P3 Seeks to Achieve 5 Primary Goals*

- Accelerate Project Timetable
- Transfer Risk
- Leverage Private Sector Innovation
- Reduce Cost
- Secure Additional Financing



[PortofMiamiTunnel.com](http://PortofMiamiTunnel.com)

# Typical DBFOM Structure





# I-4 Ultimate DBFOM

## Financing:

- Construction period, final acceptance, and availability payments
- Financed with TIFIA, bank loans, and private equity

## Benefit:

- Major interchanges and bridge reconstruction  
Addition of express lanes provides congestion relief and improves safety

## Key Decisions:

- 21 miles at one time, size and complexity of project
- 40-year concession agreement

**Cost: \$2.3B**



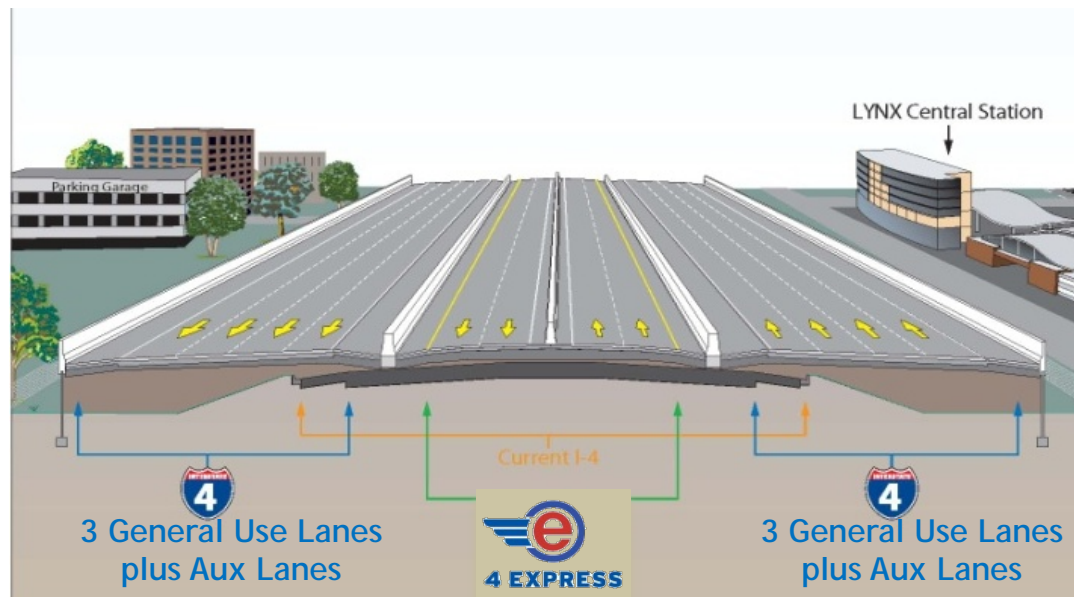
**I4Ultimate.com**



# I-4 Ultimate Project Scope

## *\$2.3B Project Brings Innovation to Relieve Congestion*

- 21 Miles from west of Kirkman Road to east of State Road 434
- Increases capacity by adding 4 tolled Express Lanes
- 6 General Use Lanes + 2 Auxiliary Lanes
- Reconstructs 15 major interchanges
- Widens 13 bridges, adds 53 new bridges and replaces 74 bridges



# I-4 Ultimate P3

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## *A Game Changer for Central Florida*

- FHWA estimates - every \$1.0B spent on highway and bridge construction supports 28,000 jobs
- Reconstructs aging infrastructure originally built in the 1960s
- Reduces congestion by increasing capacity by adding 4 Express Lanes
- P3 procurement allows the full project to be built earlier than the traditional method (estimated at 26 years)
- P3 procurement delivers high priority projects without deferring other projects throughout the state
- Newer design provides a safer interstate reducing crashes and subsequent delays

# Procurement Overview

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## *I-4 Mobility Partners Taking On Key Project Risks*

- FDOT entered into a 40-year concession agreement that transfers key project risks and locks in costs for design, construction, operations, maintenance, renewal and replacement
- Key project risks undertaken by I-4 Mobility Partners:
  - Design and construction (*more than 500 designers working in peak*)
  - Coordination with utility owners (*1,000 utility conflicts with the project*)
  - FHWA re-evaluation for additional scope items
  - Changes in costs (*I-4 Mobility Partners had the lowest design and construction cost bid, with the highest bid being about a billion more*)

# P3 Lessons Learned

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- Each project is unique
- A properly structured deal can be financed, even in the toughest of markets (flexibility is key)
- Compare delivery options and evaluate cost effectiveness or value for money early in the process
- Secure government and community stakeholders' support
- Secure outside experts with P3 experience, build internal expertise across projects
- Be transparent, have an interactive process

# Conclusion

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## *Public-Private Partnerships Deliver Value to Florida*

- Projects advanced by years or decades while still delivering other high priority projects throughout the state
- Relieve congestion in heavily populated areas in Florida
- Additional incentives in P3s to deliver on time/on budget
- Concessionaire, FDOT and federal partners work together to deliver transportation infrastructure solution in efficient, cost effective manner

# Contact Info

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