

Public-private partnerships may yield high-dollar contracts

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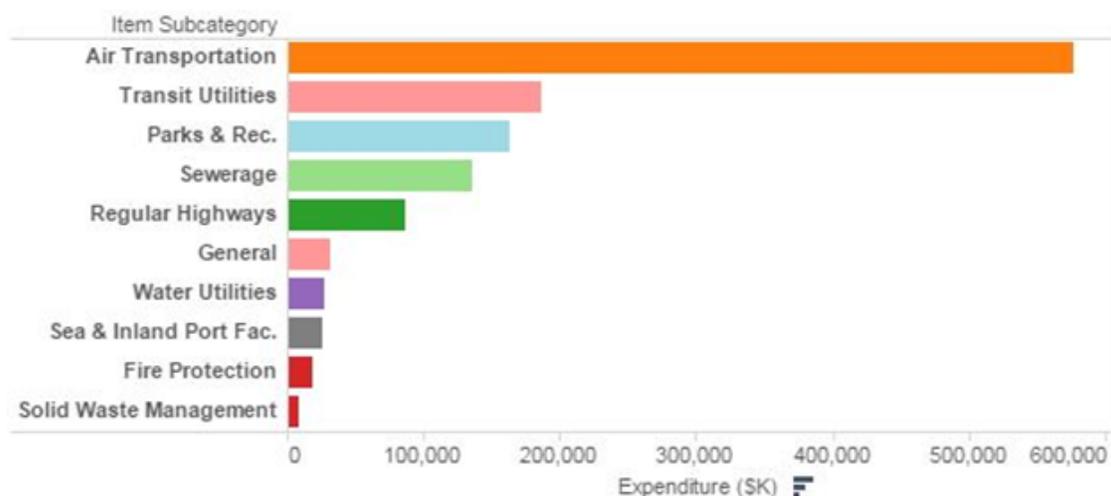
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Public-private partnerships, or P3s, have been around for decades, helping states with funding problems utilize a contract with a private company that, in turn, will run a large portion (or all) of a project. The number of states that use P3s has grown steadily over the years, with approximately 33 states and the District of Columbia having legislation to allow usage.

One of the major components of P3 legislation is the use of partnerships in development of transportation infrastructure such as bridges, roads, tunnels, etc. A state may not have the funding to develop a new bridge, but through a P3 agreement, the vendor foots most of the cost and collects tolls from the bridge in exchange. One major project that utilized this agreement was the Port of Miami tunnel. The \$663 million project needed outside funding – in this case, from Bouygues Civil Works. Later, the state utilized another vendor, Transfield Services Infrastructure, to operate and maintain the tunnel.

Below is a glimpse of [GovWin IQ's snapshot](#) of Miami-Dade County's construction expenditures for fiscal year 2014. The chart shows that air transportation and transit-related projects top the list at more than \$600 million.

Top 10 Expenditure Subcategories (\$K) (Most Recent Year)



Many high-dollar projects are available when looking at the architecture, engineering and construction (AEC) industry as it relates to P3 transportation initiatives; however, with only 33 states having legislation and varying requirements, it becomes a difficult maze to navigate. The [National Conference of State Legislatures \(NCSL\)](#) has a toolkit for legislators, which also provides insight on state laws and the differences among them.

P3 agreements are not solely tied to transportation projects. Prison facilities, primary and higher education facilities also require significant budget, especially for new construction or upgrades to existing infrastructure. AEC vendors will have many projects to bid on outside of P3 agreements, but these partnerships often allow more flexibility and opportunity to team with vendors as prime or subcontractors.

AEC vendors should not necessarily seek out P3 agreements, but being aware of their availability and what benefits they offer is essential in understanding the market. P3 projects can offer flexibility and options that aren't typically available with a standard professional services contract. They can be larger in scope, size and contract value, and are worthy of special attention and consideration when examining your bottom line.

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