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**Associated
Engineering**

Private/Public Partnerships – What will be the Impact for Engineers?



**ACEC
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Private/Public Partnerships (P3)

- What is a P3?

A public private partnership is a legally binding contract between Government and business for the provision of assets and the delivery of services. Risks allocated by Contract.

(from Partnerships BC)

www.partnershipsbc.ca



Introduction

- A new way of doing business?







Introduction

- Demands flexibility.
- Needs a different quality process.
- Risks but also rewards.



P3 or Design Build?

- Some similarities, some differences.
- A P3 includes design/build with extra risk (and reward?).



Setting Out

- Choose your partners carefully.
- What are your expectations?
- What role do you want?
- Write it down – draft an MOU.



Contracts

- For a P3, 3 contracts to read (or 4 if you are a subconsultant)
 - Concession Agreement, Design/Build Agreement, Design Agreement.
- No contractual relationship with Concessionaire.
- What are some of the potential “deal breakers”?
 - Reciprocity.
 - Fitness of purpose language.
 - Level of certification upon completion.



What are the Risks?

- A P3 is all about performance! Get it right the first time.
- Technical and functional requirements must be met.
- Hand back standards.
- Timeliness of delivery – toll commencement dates.
- Manage your risks proactively.
- Consider getting project specific insurance coverage design growth.
- Communicate your design assumptions.
- Don't take responsibility for things you can't control.



Costs

- Value your work – proposal costs as high as 0.4% of capital cost.
- Establish early what costs to participate in
 - Sweat equity, labour multipliers during proposal, estimated proposal costs.
- May be an honorarium – but will it cover costs?
- Who are you doing this work for – Contractor or Owner!
 - Owner asks for a “complete” design.
- Contractor could bid from sketches – just reducing his risk!
- Price your risk. Risks are higher so the reward need to be higher!