



HUSCH BLACKWELL

Conference Survey

CITIES AND THE HEIGHTENED NEEDS, OPPORTUNITIES AND CHALLENGES FOR P3

**The Public-Private Partnership Conference & Expo
Results Summary | February 2015**

PUBLICPRIVATE

Cities are in a competition.

Government and civic leaders in mid-sized to major markets are in a contest for skilled workers and strong, growing corporations. MAP3SM (Metropolitan Area Public-Private Partnerships) is part of the plan for many cities and their surrounding areas to meet that challenge.

The law firm Husch Blackwell LLP surveyed registrants of the 2015 P3Conference and Expo. The survey results found a strong majority of attending city, county and state leaders expect P3 to be central to their growth and improvement efforts. Likewise, private-side partners at the event are equally committed to growing their P3 investment, capabilities and activities.

It isn't surprising that attendees of a P3 conference are optimistic about the business model's future. It's the heightened level of that interest and the breadth of P3 project-types that is extraordinary and well-beyond today's infrastructure plans.

The future of P3 has arrived and, at least to both our public-and private-side conference attendees, it's expected to be bigger and broader than imagined. As a result, cities will be up to the competition.



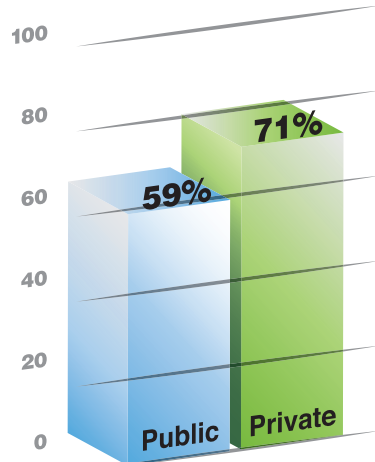
PUBLICPRIVATE

ACTIVITY

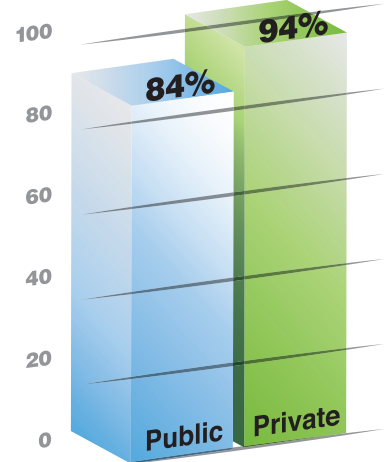
P3 Needed to Compete

P3 activity must increase, according to the P3Conference survey. The majority of survey respondents believe the growth in P3 is essential to their plans for growth and improvement. Nearly half of the public-side participants in the survey are with cities, counties or states presently participating in a P3 project, while nearly three-in-four private-side attendees are involved in a current P3.

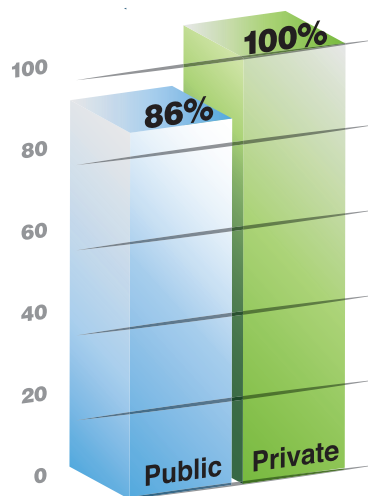
Over the next three years, that number is expected to surpass an 85 percent participation rate for metro-areas and states, and every private-side company plans to have an active P3. In fact, expectations are for these public and private organizations to be involved in multiple P3 projects.



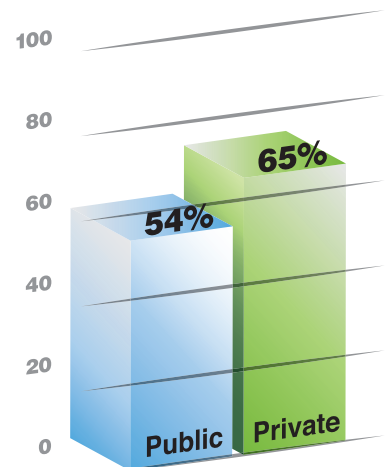
My organization is presently involved in a P3 project



I expect my organization to pursue a new P3 project



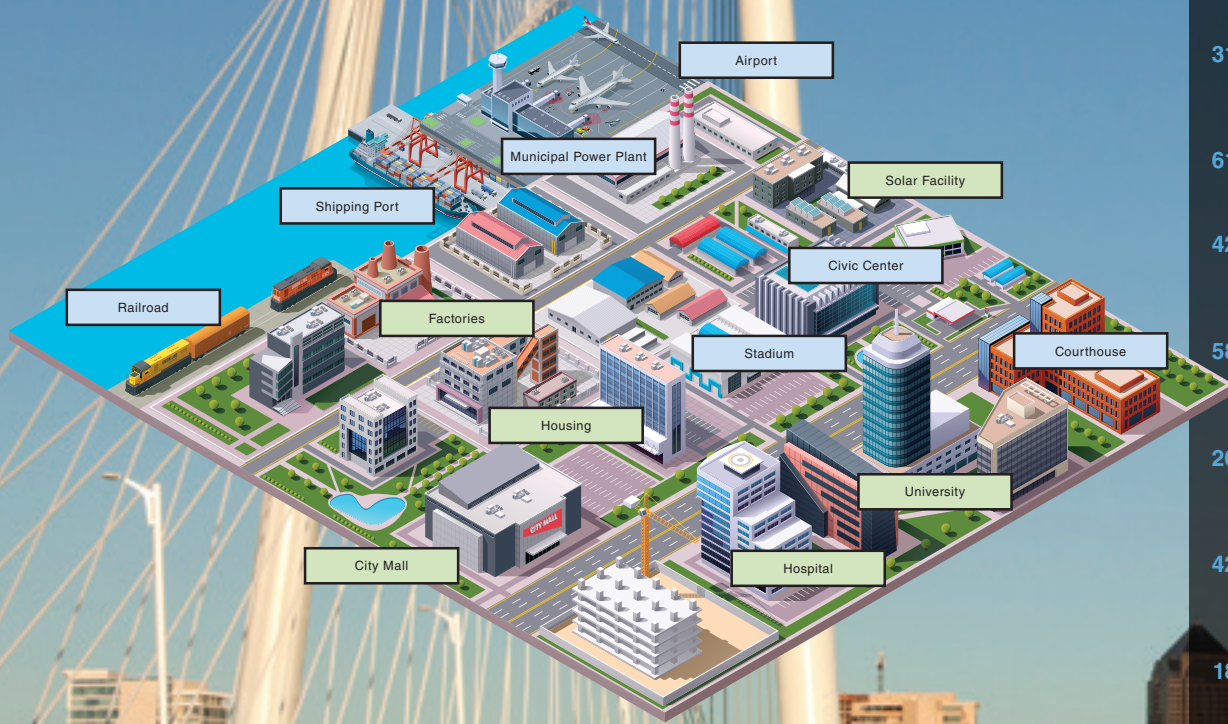
Foresee more than one P3 project in the next 3 years



Without a P3 project it's unlikely that we can fully achieve our growth and improvement plans over the next 3 years

PUBLIC-PRIVATE

PROJECTS



Energy	31% Public	42% Private
Municipal Power Plant		
Solar Facility		
Mixed-Use Facilities	61% Public	67% Private
City Mall		
Government Facilities	42% Public	65% Private
Courthouse		
University		
Public Facilities	58% Public	62% Private
Stadium		
Civic Center		
Social	26% Public	48% Private
Housing		
Hospital		
Transportation	42% Public	50% Private
Airport		
Railroad		
Water & Environment	18% Public	45% Private
Shipping Port		

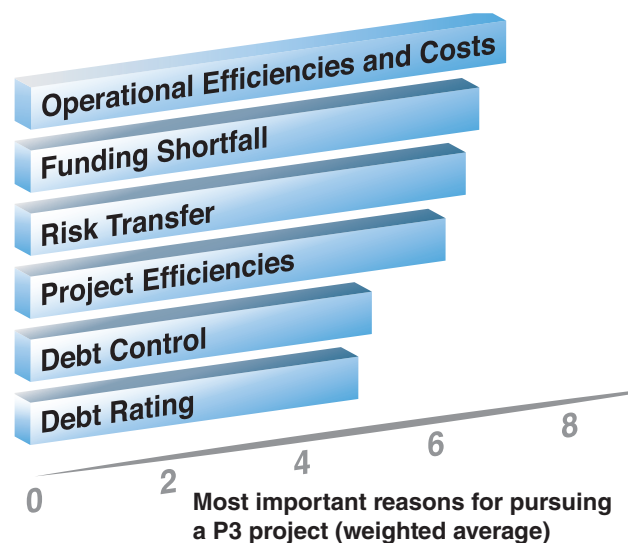
WHYS

Why

More than 50 percent of the public-side survey respondents indicated a funding shortfall as a primary reason for pursuing P3 projects. The related goal of operational efficiencies and costs was the only other reason that nearly half of the survey participants gave for P3 projects.

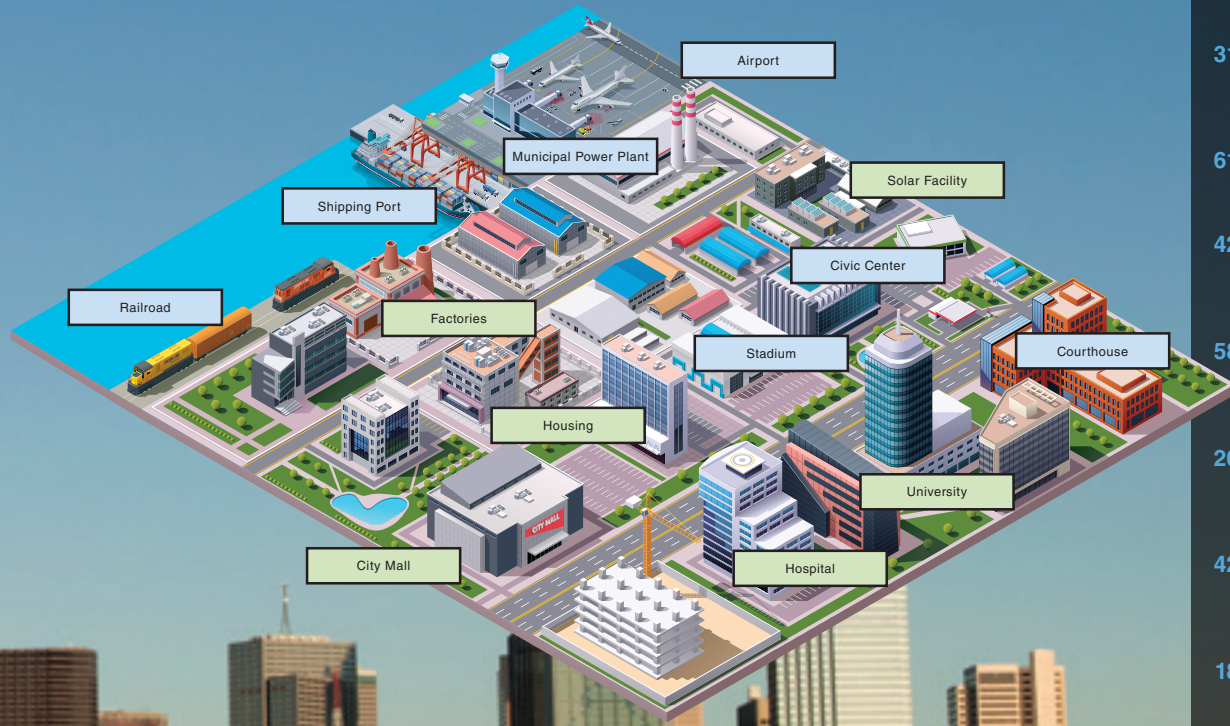
Why Not

Public support and relations is important to starting a P3 project, but it's the relations between public and private partners that matter more and the inability to construct a trusted and mutually beneficial P3 agreement can derail an initiative.



P3 to Support More Vertical Projects?

Metropolitan-area leaders may look more to traditional financing and operating models for water and energy projects, while participating in P3 to build mixed-use and public facilities, such as business, commercial and tourism sites or stadiums and civic centers. Private-side partners also expect to be most active in these areas, but also anticipate significant work involving government facilities. Survey findings also indicate that private partners expect the volume of P3 projects to be spread more evenly across categories, including higher education.



Energy	
31% Public	42% Private
Municipal Power Plant Solar Facility	
Mixed-Use Facilities	
61% Public	67% Private
City Mall	
Government Facilities	
42% Public	65% Private
Courthouse University	
Public Facilities	
58% Public	62% Private
Stadium Civic Center	
Social	
26% Public	48% Private
Housing Hospital	
Transportation	
42% Public	50% Private
Airport Railroad	
Water & Environment	
18% Public	45% Private
Shipping Port	

Reasons for NOT doing a P3	Strong Reason		Good Reason		Weak Reason	
	Public	Private	Public	Private	Public	Private
Public opposition	18.92%	26.23%	40.54%	31.15%	40.54%	42.62%
Lack of project and operational control	22.22%	34.92%	61.11%	30.16%	16.67%	34.92%
Risk-Return limitations	35.14%	42.86%	45.95%	38.10%	18.92%	19.05%
Quality of partners	40.54%	34.92%	37.84%	39.68%	21.62%	25.40%
P3 agreement more favorable to other partners	24.32%	24.59%	59.46%	49.18%	16.22%	26.23%
Current lack of understanding P3 approach/models	30.77%	19.70%	41.03%	40.91%	28.21%	39.39%
Lack of Federal government backing	13.89%	12.50%	36.11%	40.63%	50.00%	46.88%
Limited financial upside	31.58%	21.35%	34.21%	40.63%	34.21%	28.13%

P3 Funding Sources Considered by Public Partners

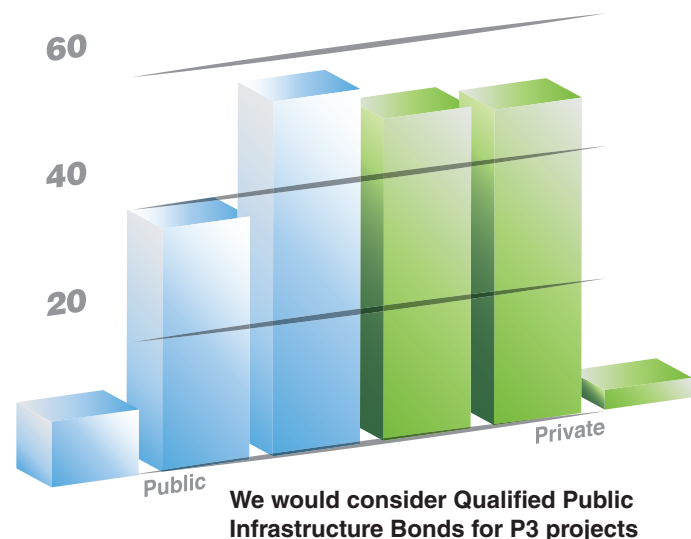


FUNDING

Private Funding First

Public leaders are open to a range of financing sources, but are looking most to their private partners for funding. Several survey participants indicated they would consider supplemental funding through FTA grants, TIF funds, new market tax credits, and tax increment financing and public infrastructure grants.

Nearly half of the public-side survey participant would consider use of Qualified Public Infrastructure Bonds, while an almost identical percentage don't know if they might use the new municipal bond proposed in President Obama's 2015 budget plan.



P3 Funding Sources Considered by Public Partners

8% **HIGHWAY TRUST FUND**
FUNDING

61% *Municipal Bond Sales*

31% **Asset Sales**

44% **Bank Financing**

56% **Private Placement Financing**

19% **NEW OR INCREASED TAXES**

81% **Private Financing from Investment Partners**

19% **Budget Reallocation**

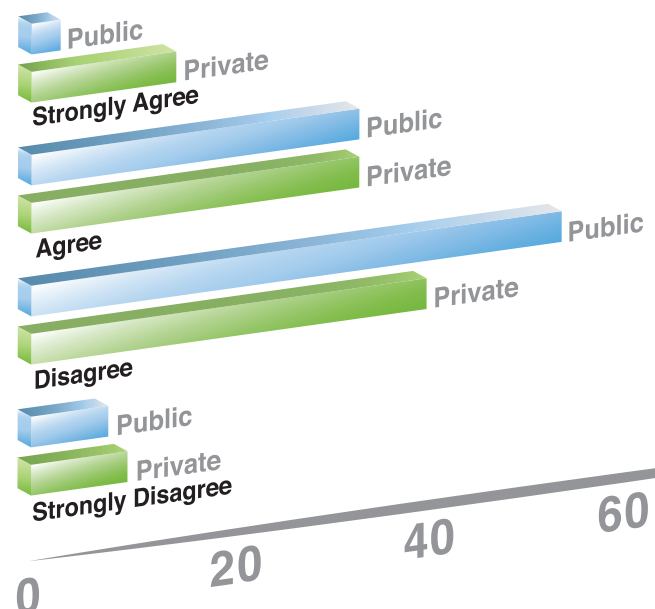
11% **THE PARTNERSHIP TO BUILD AMERICA**

HOW TO

Increase Understanding

A strong majority of public-side survey participants indicated that they need to know more about P3 to determine which partnership model and approach is in their best interest. Although a much lower percentage, more than 50 percent of private-side respondents also indicated they need to learn more about P3s in order to decide which model is best for them.

I understand P3 well enough to decide which P3 approach and models are best for a particular project



Survey Approach

Husch Blackwell collaborated with P3Conference organizers to produce a survey of registrants to the 2015 P3Conference and Expo. Conference organizers distributed the online survey, while Husch Blackwell analyzed and reported results. Individual responses were anonymous and received from nearly 20 percent of conference registrants.

Answers from survey participants were divided into public- and private-side responses. Respondents for the public sector represented city, county, state, educational and construction officials. Private organization participants were mostly from construction, architectural, financial advisor and lending firms, as well as planning, design, engineering and other consultancies.

The results reveal intentions for significantly increased participation in multiple, ongoing P3 projects—by both public and private organizations. Most of these projects are expected to begin within one year and be completed within three years.



Attorney Contact

Charles Renner, Partner

Kansas City, MO
charles.renner@huschblackwell.com
816.329.4702

About Our Firm

Husch Blackwell is an industry-focused, full-service litigation and business law firm with offices in 15 U.S. cities and in London. We represent national and global leaders in major industries including energy and natural resources; financial services; food and agribusiness; healthcare, life sciences and education; real estate, development and construction; and technology, manufacturing and transportation.

