Presentation Outline

- Introduction
- Overview of Public Private Partnerships
- Alternative Project Delivery Methods
- Questions & Open Discussion
About EPCOR

- Builds, owns and operates water and wastewater infrastructure in the United States and Canada

- Private corporation with $6.1 billion in assets
  - Serves over 1.9 million people in over 100 communities
  - Largest private water provider in Arizona and New Mexico

- Emerging leader in P3 project development
  - 2016: Completed City of Regina WWTP Design-Build-Finance-Operate ($181 M)
Public Private Partnership

Partnership between government agency and private sector company to deliver an infrastructure project.

**BENEFITS**
- Risk-sharing
- Speed
- Cost
- Maintenance

**RISKS**
- Project not delivered on time
- Exceeds cost estimates
- Technical defects
Arizona Alternative Project Delivery Methods

- HB2340 Passed April 2000
- Spring 2005 Major Amendments
  - Multiple contracts in a single procurement
  - Subcontractor selection
- Spring 2010 Major Amendments
  - Public owner record keeping
  - Disclosure requirements
# Alternative Project Delivery

**What is APD?**
- Life cycle delivery of infrastructure
- Single point of Design-Build-O&M responsibility
- Risk transfer: cost, schedule, and performance

**Owner Motivations**
- Risk transfer and/or sharing
- Life-cycle cost certainty
- Fast track Project completion
- Efficient financial close

**Private Value**
- Long term utility operator perspective
- Project execution, financing, & compliance
- Track record of delivery and performance
Risk Transfer in APD

PUBLIC
Technical & Financial Risk

PRIVATE
Technical & Financial Risk

Owner
Build
Own
Operate

DB
Design
Build
Tumkey

O&M
Operate
Maintain

DBO
Design
Build
Operate

DBFO
Design
Build
Finance
Operate

DBOO
Design
Build
Own
Operate

TRADITIONAL

ALTERNATIVE
P3 Risk Allocation

Public Sector Solution (DBB)

- Cost overrun risks
- Capital Costs
- Design risks
  - Time delay risks
  - Operating risks
  - Operating Costs

Private Sector Solution

- Retained risks
- Retained operating costs
- Unit price in a performance-based contract

Source: from Deloitte
APD enables detail design and construction to happen concurrently and does not have to await financing to be in place.
Over the life cycle the project capital construction costs are only a percentage of the overall cost impact of new infrastructure—typically, capital only makes up 30% to 50% of project costs; the rest are related to financing and O&M costs.

Most projects never get priced for the entire life of the project.
Procurement Implications

Traditional (input-based) procurement

Payment is made, regardless of service performance

APD (output-based) procurement

Payment is at risk to service performance
## EPCOR Experience

<table>
<thead>
<tr>
<th>Project</th>
<th>Year</th>
<th>Public Sector Proposed Cost</th>
<th>Private Sector Alternate Delivery Costs</th>
<th>Savings in Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Regina WWTP</td>
<td>2014</td>
<td>$225 M</td>
<td>$181 M</td>
<td>20%</td>
</tr>
<tr>
<td>Kananaskis WWTP</td>
<td>2012</td>
<td>$62 M</td>
<td>$59.6 M</td>
<td>4%</td>
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<tr>
<td>Town of Taber WWTP</td>
<td>2009</td>
<td>$28 M</td>
<td>$18.5 M</td>
<td>34%</td>
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<tr>
<td>Town of Okotoks WWTP</td>
<td>2007</td>
<td>$24 M</td>
<td>$11 M</td>
<td>54%</td>
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<tr>
<td>District of Sooke WW System</td>
<td>2006</td>
<td>$27 M</td>
<td>$17 M</td>
<td>37%</td>
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<tr>
<td>Britannia Mine WTP</td>
<td>2005</td>
<td>$35 M</td>
<td>$25 M</td>
<td>29%</td>
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<tr>
<td>District of Port Hardy WTP</td>
<td>2000</td>
<td>$7 M</td>
<td>$4 M</td>
<td>43%</td>
</tr>
</tbody>
</table>
QUESTIONS?