

# Public Private Partnerships (P3's)



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# The Southern Group

Our team specializes in:

- Bringing parties together – including the public community and private sector
- Intelligence gathering and Issue monitoring
- Access to diverse funding options
- Producing imaginative and innovative solutions

# Public Private Partnership

## Definition

“The close collaboration of a public entity and a private entity to structure, negotiate and implement the finance, design, development, construction and operation of buildings.” Buildings include but are not limited to commercial, residential, parking, and governmental facilities.

# Public Private Partnership Strategies

- This presentation is a summary of stages from due diligence to developer selection through contract negotiation. Time is of the essence in real estate transactions and the public and private partners must always remain mindful that a good deal requires extra time with public involvement.

# Public Private Partnership Strategies

- A successful P3 transaction can produce a “win-win” for both parties by achieving investment and return objectives. Additional benefits include the creation of jobs and other intangible benefits resulting from the capital investment.
- The creation of a P3 transaction between a public entity and a developer requires due diligence by the City of Lake Worth Beach.



# Transaction Considerations

- Transaction Considerations
  - Desired Public Outcome
  - Define Public Benefit
  - Market Analysis
  - Return on Investment (ROI) Calculation
  - Public terms and conditions
  - Developer Capacity
  - Public Support

# Public Sector/Private Sector takes the lead to identify objectives

- Infrastructure
- Redevelopment Programs
- Public Parking
  - Revenues
- Municipal Facilities

# Communications Strategy

- Secure local government support for development objectives
- Understand the market
- Brief local partners and significant community and business leadership of plans to develop property
- Development and implement a communication and Community outreach plan



# Developer Solicitation

- Process should identify initial terms and conditions
- Request for Information (RFI)
  - The City would issue an RFI to the development community to solicit concepts that may not have been identified in the initial marketing strategy. The objective is to obtain an informal market reaction to the redevelopment objective. Including this approach is a marketing strategy to determine interest within the development community.
- Request for Qualifications (RFQ)
  - This step is designed to gauge true market interest. The RFQ will include evaluation criteria. This step is designed to shortlist developers for an RFP. It will include an examination of experience, financial capacity, understanding of market conditions, and team members.
- Request for Proposals (RFP)
  - The final step requires the invited developers to submit a detailed response of their project including delivery, financing commitments and the company understanding of market demands.

# Developer Solicitation

- Utilization of a two-step process and elimination of the RFI is more common. The RFQ would determine interest and a shortlist of developers for the RFP. This will help to ensure quality proposals.
- Each approach should be carefully considered after the due diligence is completed. Each approach has multiple steps. A next stage would be to list each step or outline of each solicitation technique.

# Unsolicited Proposals

- F.S. 255.065 Defines Public-Private Partnerships and Requirements
- Unsolicited proposals from private entities for:
  - Building, upgrading, operating, ownership or financing of facilities
- If it is the intent to enter into a comprehensive agreement for the unsolicited proposal, then it must be advertised and offered to others over two weeks with a 21 day to 120 response

# Unsolicited Proposals - Evaluation

- Evaluation and Approval Requirements

- Project Description including conceptual design
- Performance Schedule
- Proposed Land Terms
- Financial Terms
- Financing Plan and Sources
- Key Personnel

- Evaluation criteria:

- Professional qualifications
- Business terms based upon above
- Design

- Public entity has the right to terminate negotiations if not satisfied with terms of an agreement

# Project Market Analytics

## Public Sector Participation

- Evaluation of public ways and means to participate in the project
- Direct Financing
- Land -lease, donate, sell
- Willingness to pledge future tax revenues to support
- Public guarantees of private financing
- Leasing of space – office or parking guarantees
- Public guarantees of private financing

# Project Market Analytics

## Public Sector Participation Tools

- Tax Increment use within in and outside of approved Redevelopment Districts
- REV Grant
- Opportunity Zones
- New Market Tax Credits
- Brownfields
- Historic Tax Credits



# Contract Negotiations

- Developer Selection
- Land Terms– fair market value determination, annual increases (CPI), length of lease and public approval
- Public participation consideration
- Predevelopment issue management
- Performance schedules and “what if” schedules aren’t met
- Analysis of developer requirements
- “What if” scenarios if development fails

# It's all about Financing

- Project Analysis
- Risk Analysis – Who's at Risk? Risk sharing?
- Developer Qualifications
- Returns on Investment for the public and private sector
  - Measurement Techniques
    - Public Sector
    - Private Sector
- Financing Capacity of Private Sector
  - Equity
  - Developer Financing Capacity

# P3 Examples



Laura Trio



The District



220 Riverside



# P3 Examples - Palm Beach County

## IPIC - Delray Beach



Photo by: iPic entertainment

## Marina Village – Riviera Beach



Photo by: Riviera Beach Marina Village RFP

# Lake Worth Beach Casino Property- P3 Opportunities and Approach

- Beach Casino/Pool
  - County Vision – new water facility, casino building facility activation, parking demand analysis
  - Maintain public access
  - Current permitted uses: Market demand and support for private participation

# Lake Worth Beach Casino Property– What If

- What if market demand says there should be more than 7,200 sq ft of retail space?
- What if pool facilities can have water park features attractive to a private partner?
- What if market demand calls for higher intensity uses?



# Lake Worth Beach Casino Property– Opportunities

- City owned land
- Approx. value \$23.2 Million
- Parcel size – 19 + acres
- Public/political will
- Existing Casino Facility
- Parking
- Successful retail tenants
- Public access
- Pier
- Activity programming (farmers market, festivals, car shows, etc.)
- Banquet and event space business

# Lake Worth Beach Casino Property– Next steps

- Market data collection
- Private market opportunities
- Identify potential private partners
- Partner selection approach
- Winning takes longer than losing
- Develop public outreach program

# Lake Worth Beach Parking – P3 Opportunities and Approach

- Parking study
- Parking demand analysis
- Potential locations, including CRA owned land
- Public participation “ways and means” in parking facilities with the private sector