

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 10/28/2020 **Approx Start Time:** 10:30am **Approx Length:** 60 min

Presentation Title: New Circuit Courthouse Public-Private Partnership (P3) Project, Howard County, Maryland

Department: County Administration

Presenters: Gary Barth, Courthouse Project Manager, Moderator

Other Invitees: Howard County, Maryland representatives, Lisa Buglione, Executive Director, AIAI

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

No action required. Information Only.

EXECUTIVE SUMMARY:

In January 2017, Howard County, Maryland determined a P3 project with partial public and partial private financing was the best approach to design, construct, and operate and maintain a new courthouse and parking structure.

Howard County broke ground on their new Circuit Courthouse on June 24, 2019. The 238,000 square foot facility is being completed through a public-private partnership (P3), the first for Howard County, to address deficiencies in the existing Courthouse, which was built 175 years ago and has numerous safety challenges that impact access to justice. The new Courthouse is scheduled to be completed in July 2021.

With scheduling assistance provided by the Association for Investment in America's Infrastructure (AIAI), Howard County representatives will join the Clackamas County Board of County Commissioners in a round-table discussion of common pursuits of new courthouse projects utilizing a P3 approach.

AIAI's mission is to create an environment where public and private entities work to promote growth and sustainability of America's Infrastructure, fostering innovative solutions in the form of policy, product and delivery.

FINANCIAL IMPLICATIONS (current year and ongoing):

N/A

Is this item in your current budget? YES NO

What is the cost? N/A

STRATEGIC PLAN ALIGNMENT:

- Build a new county courthouse
 - Build public trust through good government
 - Grow a vibrant economy
 - Build a strong infrastructure

LEGAL/POLICY REQUIREMENTS: N/A

PUBLIC/GOVERNMENTAL PARTICIPATION: N/A

OPTIONS: N/A

RECOMMENDATION: N/A

ATTACHMENTS:

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue, please contact [Gary Barth, Courthouse Project Manager, gbarth@clackamas.us](mailto:gbarth@clackamas.us)

The logo for the Association for the Improvement of American Infrastructure (AIAI) features the letters 'AIAI' in a large, bold, white sans-serif font.

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P3 INSIGHTS

AGENDA

10/28/20

1. Welcome and Introductions
2. Clackamas County Goal's
3. Howard County Overview of P3 Experience
4. Open Discussion.

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P3 INSIGHTS

During recent discussions on P3, several questions were raised by the Clackamas County Board. Below are the the questions with their understanding of the answer in the hope that it should elicit further dialog.

- 1. One perception of a P3 is that it is more expensive than an all-public approach because the private partner needs to make a “profit”. How did you address this issue when deciding on a P3 approach?**

Our understanding is that the private partners return on investment is more than offset by project efficiencies and the transfer of risk from the public to the private partner.

- 2. In a P3 approach, the public agency is contractually committing to not only debt service but also O&M and anticipated capital repairs over the term of the lease. In an all-public approach, public agencies often focus primarily on the debt required to fund the capital construction costs and the resulting debt service payment. However, funding for the operation, maintenance and capital repairs costs of the facility are often considered on a year-by-year basis during the annual budget process providing the elected board greater budget discretion. What considerations lead you to use a P3 approach with this greater financial commitment?**

Our understanding is that committing to a contractual “lifecycle” approach provides us with the greatest value based on the Value for Money (VFM) analysis conducted by IMG Rebel. The reason is the private partner will place a greater emphasis on long-term “value” of the facility being constructed thereby powering projected O&M and capital repair costs. Further, the public approach of year-to-year budgeting for O&M and capital repairs often results in insufficient funding to meet the facility needs leading to deferred maintenance and facility performance issues.

- 3. In a P3, there is a perception that the public agency relinquishes control over project labor considerations such as wage levels, use of local labor, MWBE opportunities, internship and apprenticeship opportunities, etc. Did you have similar concerns and how were your concerns resolved?**

Our understanding is that the private developers can accommodate most if not all public agency requests and requirements by pricing the project accordingly and capturing it all in the P3 legal agreements between the public and private parties.

- 4. If you go with a P3, you are “privatizing” an essential public facility and function. How did you address this public perception of privatization and any constituent concerns?**

Our understanding is that we will retain 100% public ownership of the facility over its entire life and that we are simply taking advantage of private sector expertise and financing to deliver a courthouse project with the highest Value for Money for our constituents of all approaches considered.