

FINDING THE ELUSIVE REVENUE STREAM TO MAKE P3s WORK

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Lee Weintraub, Becker & Poliakoff, P.A.

Santiago Klein, McBains Cooper USA

Brad Noyes, Brailsford & Dunlavey, Inc.

Craig Dunlap, Dunlap & Associates, Inc.

INTRODUCTION

- P3s aren't free money
- Long term revenue streams make for better projects

IDEAS FOR REVENUE STREAMS

- Alternate use for facilities
 - Mixed-use, etc. to generate revenue
 - Use facility space for sports, concerts, etc.
- New tolls or user fees
- Increased taxes (sales, gas, hotel, tourist, etc.)
- Use new technologies to increase efficiency in existing assets
 - Smart metering technologies adjust pricing

IDEAS FOR REVENUE STREAMS

- Private sector compensation based upon cost savings rather than revenue
- Tax increment financing – capture appreciation in real estate values from project
- New market tax credits
- EB-5
- If insufficient revenue stream, public sector keeps more of the risk
 - Lower private sector risk requires lower revenue commitment

DEALING WITH POLITICAL CHALLENGES IN FINDING REVENUE

- Disincentive for public sector risk-taking
 - Increase public sector participation in process
- Contractual formula-based rate increases add predictability, transparency, & protection from rate shock