



DIFFERENT MODELS AND BEST PRACTICES FOR P3 PROJECTS

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Project: Cal State Channel Islands 32 acre Faculty-Staff Housing



LEARNING OUTCOMES

1

P3 Opportunities
and challenges

2

Ensure holistic
programming &
long-term flexibility

3

Leverage revenue-
based projects to
include academic
space

4

Stakeholder
engagement and
involvement



P3 AND UNIVERSITIES



“There is no such thing as ‘one-size-fits-all’ when it comes to creating successful public-private-partnerships. P3 demands effective collaboration among public owners, designers, builders and private financiers to be successful.”

DBIA Executive Director/CEO Lisa
Worthington

WHY P3?



Project: Cal State Northridge Hotel

Access private funds:

- dwindling public funding
- reduced campus/system debt capacity

Share risks:

- maximize partnership opportunities

Leverage developer expertise:

- finance
- design/construction
- facility operations

ALTERNATIVE DELIVERY

REASONS FOR A UNIVERSITY TO DO ALTERNATIVE DELIVERY

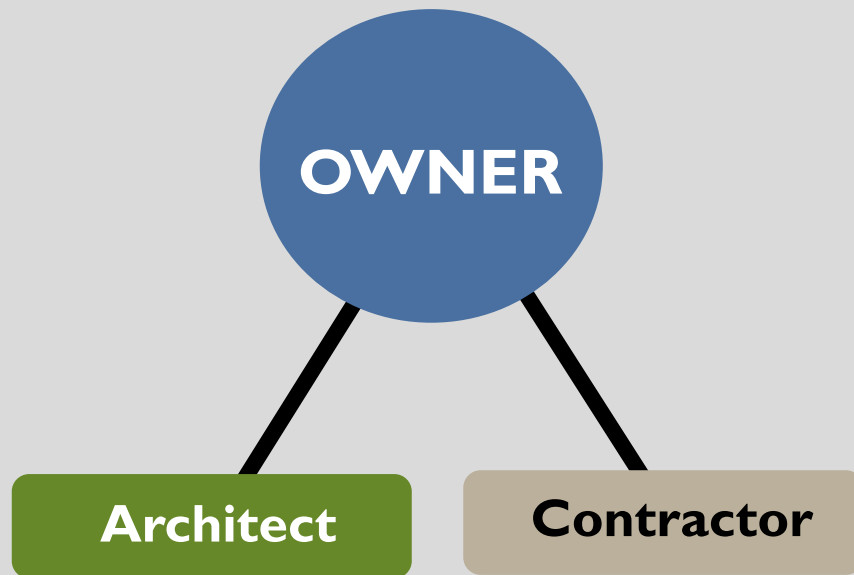
- Limited debt capacity or an inability to finance
- Avoiding cumbersome procurement structures
- Faster delivery (Time = Money)
- Ability to consider a range of construction standards
- Development expertise
- Land assemblage
- Management and operating expertise
- Financial return (ground lease revenue, net cash flow participation)
- Risk transfer (initial costs, budget, financing and schedule)

REASONS FOR A UNIVERSITY **NOT** TO DO ALTERNATIVE DELIVERY

- Cheaper Cost of Capital
- Better access to the capital markets
- Additional Project Costs
- Concerned about Control
- In House Development Expertise
- In House Management Expertise
- University Owns the Land
- Few University/State Construction Standards
- No Procurement Concerns
- Impact on Existing Housing Operation
- Off Balance Sheet, but still on credit

HOW DOES P3 WORK?

Capital Projects (4-6 year association)



P3 Development (30-99 year association)





ALTERNATIVE DELIVERY / P3

DEFINING P3

- NCPPP identifies 18 different legal and financial P3 structures based on who owns, finances, designs, builds, operates, and maintains the project
- Few centers of excellence
- No centralized governing body
- Shortage of technical and financial expertise

P3 IN HIGHER EDUCATION IS NOT CLEARLY DEFINED

The concept of alternative delivery... public-private partnerships in higher education, though increasingly common, is still ambiguous.

POTENTIAL P3 CANDIDATES



Project: San Francisco State Mixed Use
Student Housing and Retail

- Student housing
- Faculty/staff housing
- Hotel/conferencing
- Mixed use
- Recreation fields & facilities
- Medical office building/student health
- Monetizing existing resources



P3 OPPORTUNITIES



Project: Cal State LA, Professional Soccer Training Facility

Unlock	value land value & building assets
Leverage	developer's resources, market & operational efficiencies
Achieve	facility needs while limiting financial and operational risk
Ensure	quality and renewal over the life of the facility

P3 CHALLENGES

1. Less campus control
2. Long range strategic view of academic programs and land use
3. Best suited to revenue producing projects
4. Outside legal and advisory support essential
5. More work upfront to get the deal right
6. Ongoing management throughout life of project



Project: Cal State Northridge Hotel and Restaurant



TEAM ROLES & RESPONSIBILITIES



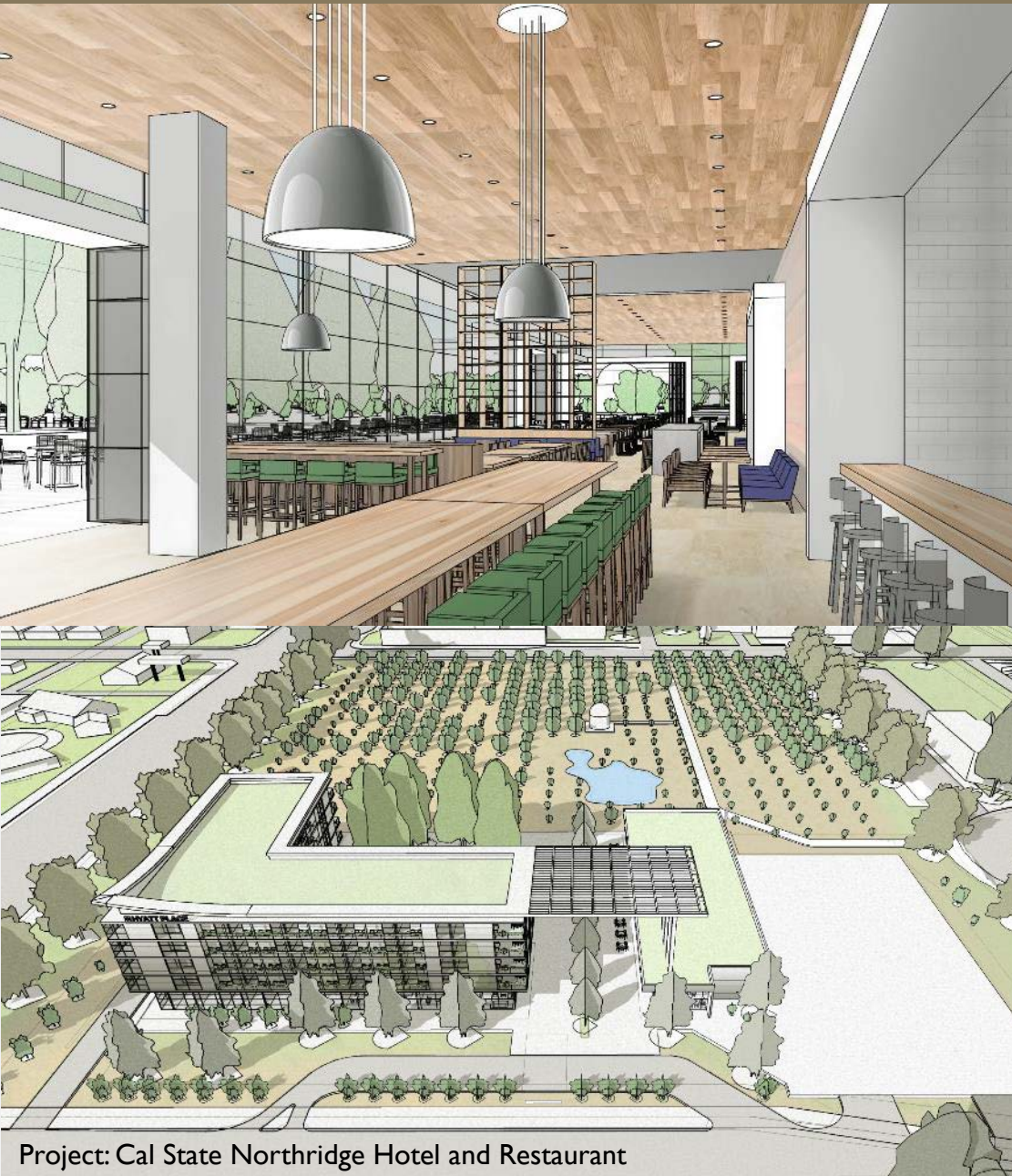
Campus	Admin & Finance/Cabinet Real Estate Design & Construction System Office Campus Consultants Real Estate Advisor Attorneys
Developer	Architects Environmental General Contractor Operations Finance (can shift depending on structure)
Government Agencies	Entitlements
Tenants	



CAMPUS PLANNER/ARCHITECT ROLE

PHASE	OPPORTUNITIES
1. Programming	Help campus decide & define needs
2. Feasibility & Alternatives	Does P3 create savings or bring needed expertise?
3. Basis of Design (BOD)	Performance or prescriptive?
4. Developer Selection	Does the team understand and embrace campus design issues and operational needs?
5. Oversight	Code plan check/inspection; conformance with approved plans & specifications & BOD
6. Schedule	Be responsive. Schedule regular meetings.

STAKEHOLDER INVOLVEMENT



1. Communicate, communicate, communicate
 - Articulate relationship to mission
 - Early outreach, explaining the 'WHY' to stakeholders
 - Fundamental differences of P3
2. Formally Involve key stakeholders in process
 - Faculty/staff
 - Community councils
 - Legislators



DEVELOPER'S PERCEPTION OF PUBLIC UNIVERSITIES

IN CALIFORNIA

RISK	LEVEL	COMMENTS
1. Entitlement	Very Low	We control it
2. Market Conditions	None	For programmatic uses
	Low	Housing
	Moderate	For hotels, retail, commercial
3. Financing	Moderate	Banks like entitlement certainty & university as credit tenant/ dislike university ground lease terms
4. Construction Cost/Delivery	Moderate/High	Public contract code & university approval processes can add time & costs
5. Timing	Moderate/High	Universities do not move at Developer pace (especially in decision-making & contracts)

SYSTEM BENEFITS

1. Shared experience
2. Agreement templates
3. Consistent processes



Project: Cal State Channel Islands 32 acre Faculty-Staff Housing



Project: Cal Poly Pomona Innovation Village, SoCal Edison

SUMMARY

1. Strategic vs. tactical solutions
2. Planning process-shift to synergistic mixed uses
3. Leverage revenue generating space to support non-revenue spaces
4. P3's are like marriages.....with a plan for divorce
5. Define project goals & trade-offs at outset
6. Allow for flexibility over life of agreement