

 THE OHIO STATE UNIVERSITY

Public-Private Partnerships

September 2019

1 | The Ohio State University


Overview

Public-Private Partnerships

- Concepts
- Benefits
- Risks
- Implementation

Examples

- Types
- The Ohio State University
 - Residential
 - Parking
 - Sustainability (utilities)



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2 | The Ohio State University

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1 | The Program Objectives

Course Description

- Discuss the Public-Private Partnership concept
- Consider how partnerships can benefit higher education
- Introduce how a Public-Private Partnership is created
- Review types of agreements and arrangements




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2 | The Program Objectives

Concept

Public-Private Partnerships

- Contract between a non-profit and a private company
- Non-profit transfers responsibilities/risks to a private company
- Non-profit maintains ownership




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3 | The Program Objectives

Agreements are Unique

- Long term (25-75 years)
- Capital
- Operation
- Maintenance
- Construction/renovation




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100 - Program Objectives

Benefits

- Up-front Capital (Asset Monetization)
- Increased bonding/debt capacity
- Reduced Risk (financial, operational, etc.)
- Innovation
- Expertise
- Operational Efficiency

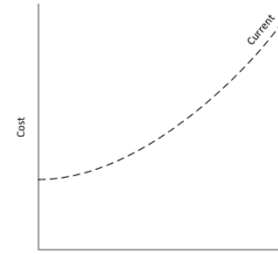


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100 - Program Objectives

Benefits

Utility Cost Impact

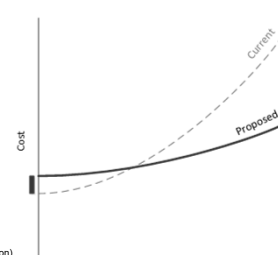


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100 - Program Objectives

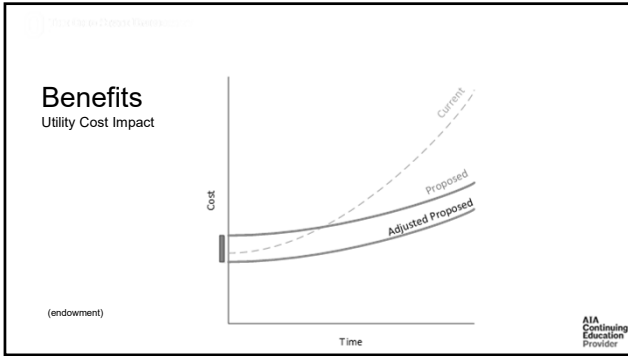
Benefits

Utility Cost Impact



(innovation, operation, monetization)

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- 10.1 Program Objectives
- ### Risks
- Loss of control
 - Profit-driven decisions
 - Increased complexity
 - Operational confusion
 - Unexpected costs
 - IT security
 - Return of assets/responsibilities at lease end
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- 10.1 Program Objectives
- ### Implementation
- Request for qualifications
 - Request for information
 - Request for proposal
 - Transition
 - Operation
-
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1 | The Project Process Overview

Stakeholders


Provost (Academic Affairs)
*Outside Counsel (including State Attorney General)
Internal Counsel
*Broker
Business and Finance
Facilities
Administration
*Consultants
Human Resources
Student Life
Medical Center
Athletics
University Communications
Planning and Real Estate

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1 | The Project Process Overview

Partner Selection

- Qualifications
- Litigation
- Bed Side Manner (Communication)
- Culture
- References/Experience
- Financial Standing
- Up-Front Payment




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1 | The Project Process Overview

Transition

- Demarcation
- Transfer of assets (tools, trucks, etc.)
- Legal descriptions
- Employee interviews/offers
- Meetings, meetings, meetings. . .




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1 | The Program Director Dashboard

Ongoing

- Financial update meetings
- Operational updates (KPI review/validation)
- Construction (approval, design, building, turnover)
- Relationship building




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1 | The Program Director Dashboard

Examples

- Dining - Texas A&M
- Mixed Use Residential - College of New Jersey
- Roadway - Purdue (State Street) [Link](#)
- Underground Transit - Chicago (O'Hare to Downtown) [Link](#)
- Underground Transit - Las Vegas [Link](#)
- Campus Expansion - University of California Merced (\$1.1B to double capacity from 5,000 to 10,000 students) [Link](#)



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1 | The Program Director Dashboard

Examples

The Ohio State University

- Residential
- Parking
- Sustainability (utilities)




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1 | The Project/Client Relationship

Residential

The Ohio State University

- No longer being considered
- Legislative challenges
- Initial capital challenges
- Rental costs (sub-market) vs. Partner (market rate)
- Housing Program (dorm) vs. Partner (apartment)




2 | The Project/Client Relationship

Parking

The Ohio State University

- \$483M in endowments and scholarships (QIC Global; operator)
- 50-year term
- Staff opposition (funds obtained from staff and visitors)
- Contract controls growth of parking system




3 | The Project/Client Relationship

Sustainability (utilities)

The Ohio State University

- 25% energy efficiency improvement within 10 years
- 50-year term
- Produced \$1.165B (Axiom-ENGIE financial partnership; Engie Building)
- Funding from university departments through utility rates
- Contract encourages growth
 - ENGIE finances construction (ECM, lifecycle, and expansion)
 - ENGIE receives interest through payback (typically 20-year)
 - ECM bonus/penalty incentive

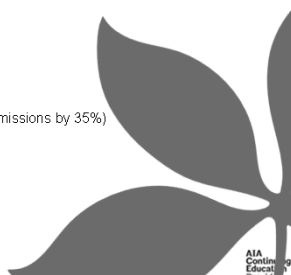


1 | The Project Objectives

Sustainability (utilities)

The Ohio State University

- Building metering
- Carbon reduction (CHP will reduce carbon emissions by 35%)
- Plant efficiency
 - Heating hot water conversion
 - Chiller plant connections
 - Geothermal Plant efficiency and expansion

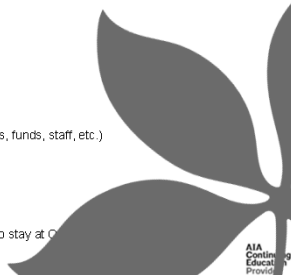


2 | The Project Objectives

Sustainability (utilities)

The Ohio State University

- Initial Challenges
 - Coordination/evaluation of first capital plan
 - Contract interpretation
 - Leave behind responsibilities (utilities, assets, funds, staff, etc.)
 - Build strong relationships
- Human Resources
 - 58 staff were directly affected
 - Retention bonuses
 - Coordination with the union
 - Staff were ensured a position if they chose to stay at OSU
 - ENGIE interviewed and offered positions

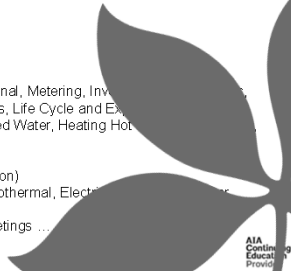


3 | The Project Objectives

Sustainability (utilities)

The Ohio State University

- Lessons Learned
 - **Coordination** – Capital Plan, Operational, Metering, Inventory, Energy Conservation Measure Projects, Life Cycle and Expenses
 - **Working groups** – Gas, Tunnel, Chilled Water, Heating Hot Water, Outage Coordination, Capital Planning
 - **Contract Updates**
 - **Key Performance Indicators** (validation)
 - **Demarcation** (Chilled Water, Gas, Geothermal, Electrical, Steam/Condensate)
 - **Partnering** – Meetings, Meetings, Meetings ...



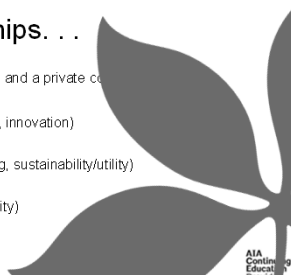
Public-Private Partnerships. . .

Concept (agreement between a non-profit entity and a private company)

Benefits (monetization, expertise, reduced risks, innovation)


Types (dining, residential, transportation, parking, sustainability/utility)

Examples (residential, parking, sustainability/utility)



Questions?

This concludes The American Institute of Architects Continuing Education Systems Course



References

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