



600 NE Grand Ave.
Portland, OR 97232-2736

Metro Council and MERC Joint Workshop

Thursday, April 3, 2025

10:30 AM

Metro Regional Center, Council chamber,
<https://zoom.us/j/615079992> (Webinar ID:
615079992) or 253-205-0468 (toll free)

Metro Council and MERC Joint Workshop

This meeting will be held electronically and in person at the Metro Regional Center Council Chamber.

You can join the meeting on your computer or other device by using this link:

<https://zoom.us/j/615079992> (Webinar ID: 615 079 992)

10:30 Call to Order

Public Private Partnerships Workshop

[25-6227](https://www.metro.net/25-6227)

Presenter(s): Paul Slyman, Metro
Association for the Improvement of American Infrastructure
(AIAI)

Attachments: [Staff Report](#)
[Attachment 1 - Resolution No. 25-5450](#)
[Attachment 2 - Resolution No. 25-5451](#)

- 10:30 a.m. Overview and Introduction
- 10:45 a.m. The Business Case for a P3
- 11:15 a.m. Top 10 Critical Issues When Procuring a P3
- 12:00 p.m. Case Study Overview
- 1:15 p.m. Best Practices in Deal Structuring and Contract Management
- 1:45 p.m. Best Practices in Risk Allocation and Surety
- 2:00 p.m. Picking the Right Advisors and Partners
- 2:15 p.m. How to Create Strong Competitive Programs
- 2:45 p.m. Q&A

3:00 Adjourn

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Public Private Partnerships Workshop
Work Session Topics

Joint MERC and Metro Council Work Session
Thursday, April 3, 2025

APRIL 3, 2025 PUBLIC PRIVATE PARTNERSHIP WORKSHOP STAFF REPORT

Date: March 17, 2025
Department: COO/Council
Meeting Date: April 3, 2025
Length: 5 hours (with working lunch)

Prepared by: Stephanie Redman,
stephanie.redman@oregonmetro.gov,
503-347-4587
Presenters: Paul Slyman, Metro, he/him;
Personnel of Assoc. for the Improvement
of American Infrastructure (AIAI), TBD.

ISSUE STATEMENT

In January 2025, Metro Council and the Metropolitan Exposition Recreation Commission (MERC), through their respective resolutions 25-5451 and 25-02 entitled *For the Purpose of Redeveloping the Portland Expo Center as a Sports-Oriented Destination*, directed staff to

- A. Propose a package of short-term, interim investments and funding sources in Metro's FY25-26 budget within 90 days of adoption of this resolution for the purpose of better preparing Expo Center to attract and to host more sporting events and tournaments, preferably regional or larger, and to generate resources that allow Expo to meet needs for public use.
- B. Bring forward the criteria for solicitation of a public-private partnership for full build out of the recommended Expo Center sports redevelopment scenario, including representation and memorialization recommendations and other required site features, by June 30, 2025, with the intent of selecting a development partner by December 2025.
- C. Ensure that implementation of actions pursuant to sports uses at Expo is supportive of and compatible with the representation and memorialization recommendations presented to the Metro Council and MERC on December 10, 2024, and that staff endeavor to accomplish expansion of sports uses and representation/memorialization of the site's histories and cultures in a way that does not commodify or cause harm to involved partners and communities.
- D. Within the current venue constraints, make every effort to pursue the sports event market including offering first priority booking to sporting events as specified in the Portland Expo Center Booking and Scheduling Policies and Procedures adopted November 1, 2023, and to report to Metro Council every 180 days on progress booking sports-related events.

Similarly, Council and MERC adopted Resolution 25-5450 and Resolution 25-01, respectively, entitled *For the Purpose of Representing and Memorializing the History and Cultures Associated with the Portland Expo Center* to direct staff actions on this topic. Progress on the seven action items in those resolutions is provided periodically to Council and MERC through scheduled project updates.

In preparation of the development of the criteria described in B, above, staff have arranged for the Association for the Improvement of American Infrastructure (AIAI) to provide a workshop on public-private partnerships to Council, MERC, partners, and staff on April 3, 2025.

The workshop is intended to provide all with a shared understanding of the mechanics of a public-private development partnership (P3), what the public and private sectors bring to the partnership, P3 risks and benefits, and shared vocabulary about P3s and the P3 development process.

This workshop will help Metro identify criteria for solicitation of a public private partnership for full build out of the recommended Expo Center sports redevelopment scenario, including representation and memorialization of the histories and cultures associated with the site. It will provide Council, MERC, and others with a common vocabulary and knowledge to use when evaluating a potential P3 for Expo Future, as well as for other Metro projects.

ACTION REQUESTED

- Council and MERC attendance at the workshop, which is structured as a public joint meeting of Council and MERC.
- Council and MERC's questions of AIAI subject matter experts during the workshop to expand shared understanding of P3 concepts and practices.

IDENTIFIED POLICY OUTCOMES

The April 3 workshop is intended to provide Council, MERC, and others with a shared understanding of and common vocabulary for public private development partnerships, including during future discussion and consideration of the use of P3s at Metro.

Policy options are not being proposed during the workshop. As always, Council input on the Expo Future project is warmly welcomed.

POLICY QUESTION(S)

This workshop on public-private development partnerships will help Councilors, MERC, and staff assess whether a P3 is a relevant and desirable tool to use to achieve the vision for Expo Future and Metro's goal of ensuring long-term financial sustainability for Expo.

POLICY OPTIONS FOR COUNCIL TO CONSIDER

This workshop is provided to Council and MERC for informational purposes only. Policy options are not being proposed for Council or MERC consideration at the meeting.

STAFF RECOMMENDATIONS

Not applicable. Council and MERC are not asked to take action during the meeting.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

In January 2025, Council and MERC directed staff to proceed with activities that support meaningful representation and memorialization of the histories and cultures associated with the Expo site and to pivot Expo to a sports-centric venue. These activities will support Metro’s goal of ensuring long-term financial sustainability of the Portland Expo Center.

Racial Equity

Expo Future Phase 2 (and future Phase 3) activities advance the following goals of Metro’s *Strategic Plan to Advance Racial Equity, Diversity and Inclusion*:

- A, convening and supporting regional partners to advance racial equity;
- B, meaningfully engaging communities of color; and
- D, creating safe and welcoming services, programs, and destinations.

If or as the project evolves to include construction, business development, and job creation, it also has the potential to meet Goals C and E of the plan:

- C, a racially diverse workforce, and
- E. resource allocation that advances racial equity.

Climate Action

Sustainability is one of the Guiding Principles of the Expo Future Project. The recommendations of the Expo Future Historical Significance & Memorialization Committee support climate action goals through the following proposed activities:

- Analyzing Hall A to determine the potential for reuse/renovation of the structures and for reuse of the building’s materials if reuse of the structure is deemed not to be feasible
- Installation of more landscaping and green, restored space at the site
- Following Metro’s Sustainable Building Practices as the project moves forward

BACKGROUND

Metro owns the Portland Expo Center (“Expo”) site, a well-positioned, 53-acre employment and exhibition site at the economic center of greater Portland. Under the current business model, the long-term prospects of Expo are challenging due to the large-scale capital needs of Halls A, B, and C and the ongoing routine maintenance of the newer buildings and campus infrastructure. Pre-pandemic, Expo generated approximately \$50M in annual economic impact through 100+ public trade shows and community events. Post-pandemic, Expo attendance has declined; in 2023, annual attendance was approximately 311,000 visitors at 56 events.

The site is the largest exhibition space in Oregon, with 333,000 square feet of existing building area and 2,500 parking spaces. Halls A, B, and C have been in operation for more than one hundred years. Halls D and E are 23 and 27 years old, respectively. Expo is adjacent to other popular sports assets such as Portland International Raceway and Delta Park, a multi-field outdoor sports complex owned by the City of Portland that hosts various youth and adult sports tournaments throughout the year.

Metro recognizes the site’s pre-colonial history and importance to Indigenous Peoples. The land upon which Expo sits was previously part of a dynamic and complex network of wetlands and river channels supporting Tribes and Indigenous Peoples and their ways of life since time immemorial. In addition, given Expo’s hundred-year operational history, many communities and partners in the greater Portland region have developed unique and important historical and cultural ties to the venue and surrounding area.

Specifically, the nearby Vanport Flood and World War II incarceration at the Portland Assembly Center have had lasting impacts on Black, Indigenous and Japanese American communities. Metro recognizes the past events and injustices that took place on or near the Expo property. Expo staff works with Vanport Mosaic and the Japanese American Museum of Oregon to ensure these occurrences are never forgotten.

Since 2003, Metro has been working to determine the highest and best use of the Expo Center site and to develop a plan for its financial sustainability. From 2020 to present, Metro has engaged with communities with historic and cultural ties to the site (such as the Black, urban Indigenous, and Japanese American communities), Tribes, business stakeholders, and other key partners to identify vision for the site. One outcome of this stakeholder and partner engagement was the development of the project Guiding Principles, which MERC and Metro Council adopted by resolution in spring of 2022.

In February 2023, after a multi-year community-involved assessment of opportunities to improve the long-term financial sustainability of the Portland Expo Center, Metro Council and MERC directed staff to focus on two overarching project objectives identified by Metro’s Chief Operating Officer.

Objective 1: Metro will recognize Expo Center’s Hall A as a site of national historical significance and meaningfully memorialize the site’s history of forced displacement during World War II and the Vanport Floods, as well as the site’s pre-colonial history and importance to Indigenous Peoples.

Objective 2: Leveraging Oregon’s status as an international powerhouse in the sport and outdoor industry, Metro will pivot Expo’s future redevelopment as a community-centric destination venue that prioritizes amateur, professional, and recreational sports.

The following table outlines the history and relevant actions of this project.

2000	Metro Council Resolution 00-3019 supports submission of a Conditional Use Master Plan to City of Portland. General components include site development plans, transportation and parking, mitigation of Expo development impacts, environmental compatibility, development review, neighborhood communication and coordination, project review procedures for future development, and public involvement. Major elements of the Master Plan include replacement and expansion of exhibit halls A, B
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	and C to match the look of Hall E and Hall D (under construction at the time). CUMP is submitted and approved in 2001.
2003	MERC completes study “Expo: A Vision for the Future” with Yost, Grube Hall architects, to replace the outdated facilities of Halls A B C, and East and West Halls with 255,000 square feet of new facilities, including an exhibit hall, meeting rooms, support facilities, landscaping and related improvements to augment Halls D and E.
2011	MERC submitted Expo Center Conditional Use Master Plan, prepared by Shiels Obletz Johnson, SERA and subcontractors to City of Portland for expansion and replacement of existing exhibition facilities –Halls A, B, and C—with a new exhibition hall similar to Hall D and E, as well as 11 other site developments.
2014	Metro commissioned Hunden Partners to provide an independent assessment of Expo governance and operations, a local competitive market analysis, and the possible impact of a new local headquarters hotel. The scope of work also included an analysis of the existing physical conditions.
2016 - 2019	From 2016 to 2019, a range of options to increase and diversify revenue streams was studied, including long-term tenancies and flexible outdoor space.
Fall 2019	At the direction of Metro Council, the Portland Expo Center Development Opportunity Study (DOS) was launched. The study’s purpose was to identify development options that could complement, support, or replace the current operations at Expo and assess its current value.
2020-2021	Metro engages with the communities and stakeholders most impacted by the site through meetings and listening sessions, and a draft set of community-driven Guiding Principles is formed.
Spring 2021	The DOS report is published, outlining nine scenarios (from logistics to film studios) the site could accommodate. MERC and Metro Council deprioritize the “sell option” and direct staff to create a solicitation process to seek creative ideas and public/private development partners for the site.
Spring 2022	MERC and Metro Council adopt the community-driven Guiding Principles developed during the DOS by resolution as part of their framework for decision-making.
Summer, fall 2022	The Request for Expressions of Interest (RFEI) is launched. Metro receives eight submittals in response to the RFEI process.
Winter 2023	Metro engages community members, Tribal and other government partners, and staff in the evaluation of RFEI submissions, culminating in the “Phase one: RFEI Findings and recommendations” report.
Spring, summer 2023	Metro Council and MERC unanimously support the COO’s recommendations for the future of Expo and Phase 2 of the Expo Future project began. In summer 2023, Metro Council and MERC endorse the proposed project governance structure and COO’s recommended next steps for the project.
Sept. 2023	Expo Future Historical Significance & Memorialization Committee, Expo Future Sport & Facility Committee, and Executive Advisory Committee begin working to fulfill their missions.

Dec. 2023 to June 2024	Hunden Partners begins to study determine the feasibility of shifting Expo Center to sports-oriented uses. The firm conducts a comprehensive market analysis and interviews dozens of local representatives of sports teams, leagues and facilities; committee members; and partner government, economic development, and tourism/hospitality organizations.
March 2024	Metro Council and MERC receive a six-month Expo Future progress report from the cochairs of the Sport & Facility and Historical Significance & Memorialization Committees and staff.
June 25, 2024	Results of the Expo Future sports feasibility study are presented to Metro Council and MERC by consultant Hunden Partners.
July to Sept. 2024	Metro engages with key communities to identify ways to honor and recognize their histories and cultures at Expo Center. Interviews, virtual discussions, in-person workshops and online input are held to gather input from urban Indigenous, Japanese American, and Vanport communities. Expo clients provide project input during a virtual discussion on August 15, 2024.
August to Nov. 2024	The Scenario Refinement Subcommittee of the Expo Future Sports & Facilities Committee analyzes all four recommended sports redevelopment scenarios identified in the sports feasibility study. Weighing multiple factors and with additional data analysis by Hunden Partners, the Subcommittee identifies a final recommended scenario, which is adopted by the Sports & Facilities Committee
March to Nov. 2024	The Expo Future Funding & Financing Task Force reviews Hunden Partners' funding models for sports redevelopment, including public private partnerships, public financing tools, and federal and philanthropic resources.
Sept. to Nov. 2024	The Historical Significance & Memorialization Committee, supported by consultants and staff, analyzes the community input and shapes its recommendations based on community input.
Nov. to Dec. 2024	Expo Center clients are invited to provide online input about the project. North Portland residents are invited to provide online input about the Expo Future project.
Dec. 10, 2024	Metro Council and MERC receive the Expo Future vision, including representation and memorialization of the histories and cultures tied to the Expo Center site, final recommended sports redevelopment scenario, and funding and financing strategies. Resolutions in support of representation and memorialization and sports are also presented for consideration.
Jan. 8, 2025	MERC unanimously adopts Resolution 25-01: For the Purpose of Representing and Memorializing the Histories and cultures Associated with the Portland Expo Center and Resolution 25-02: For the Purpose of Redeveloping the Portland Expo Center As A Sports-Oriented Destination Venue.
Jan. 9, 2025	Metro Council unanimously adopts Resolution 25-5450: For the Purpose of Representing and Memorializing the Histories and cultures Associated with the Portland Expo Center and Resolution 25-5451: For the Purpose of Redeveloping the Portland Expo Center As A Sports-Oriented Destination Venue.

Jan. to March 2025	Project staff begin work to develop FY25-26 budget requests, establish a timeline for project activities, research public private partnership best practices, develop the scope of work for Expo cultural resources assessment, plan for website content updates, and complete Phase 2 close-out activities
March 2025	At the request of Council and MERC, staff present a progress update to Metro Council and provide MERC with a written progress update for the period of January 10 to March 10, 2025.

ATTACHMENTS

1. Resolution 25-5450 adopted by Metro Council January 9, 2025
2. Resolution 25-5451 adopted by Metro Council January 9, 2025

Attachment 1

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REPRESENTING AND) RESOLUTION NO. 25-5450
MEMORIALIZING THE HISTORIES AND)
CULTURES ASSOCIATED WITH THE) Introduced by Council President Lynn
PORTLAND EXPO CENTER) Peterson

WHEREAS, many communities and partners in the greater Portland area and the Metro region have unique and important historical and cultural ties to the Portland Expo Center (Expo) and the land upon which it is built; and

WHEREAS, the history of the lands of and adjacent to Expo includes precolonial history and importance to Indigenous Peoples who were forcibly displaced, the forced displacement and incarceration of Americans of Japanese descent during World War II, and the forced displacement of the residents of the nearby City of Vanport, which included a significant Black population, during the Vanport Flood of 1948; and

WHEREAS, Metro recognizes the past injustices that took place on or near the Expo property and their lasting impacts on the urban Indigenous, Japanese American, and Vanport and Black communities and sovereign Tribes distinctly connected to the area; and

WHEREAS, despite the injustices that Tribes, Indigenous Peoples, Japanese Americans and Vanport residents faced, each have survived and thrived, advancing their respective communities and cultural identities, making innumerable contributions to our region and country for the benefit of all; and

WHEREAS, Expo, including Hall A, is the site of the Portland Assembly Center, one of few remaining sites of incarceration of Japanese Americans in World War II and a site of national historic significance; and

WHEREAS, Metro has convened members of the urban Indigenous, Japanese American, and Vanport communities to identify these communities' preferences for how to meaningfully represent and memorialize these communities and their history at the Expo Center; and

WHEREAS, Metro's Tribal Affairs Program is providing support to consult and engage with interested sovereign Tribes with distinct connections to the Expo Center campus and surrounding area on approaches to meaningfully represent and memorialize the Tribes' histories and stories at the Expo Center; and

WHEREAS, Metro has investigated potential support from federal, state, or other partners, including philanthropic partners, for financial or other opportunities for Expo and the land adjacent to the Columbia River; and

WHEREAS, the Metropolitan Exposition Recreation Commission adopted an identical resolution at its meeting on January 8, 2025; now therefore,

BE IT RESOLVED that the Metro Council

1. Recognizes the Portland Assembly Center, which included Hall A, as a site of national historic significance.
2. Accepts the *Expo Future Historical Significance & Memorialization Committee Recommendations Report* presented on December 10, 2024, and directs staff to work with members of Impacted Communities to assess the feasibility of those recommendations and to develop a strategy to pursue implementation of the recommendations deemed feasible, and to report progress regularly to Metro Council.
3. Directs staff to commence a cultural resources assessment of the Expo property within 90 days of adoption of this resolution for the purpose of identifying existing and potential historic, cultural, archaeological, and architectural resources at the site.
4. Directs staff to develop cost estimates and to request funding in Metro's proposed FY25-26 budget for additional study and analysis of the Portland Assembly Center Hall A as described in the *Expo Future Historical Significance & Memorialization Committee Recommendations Report* presented on December 10, 2024. The engineering study would assess Hall A's structural integrity, its capacity to stand independently, and the feasibility of serving uses other than as an exhibit hall and, where feasible, provide cost estimates for potential renovation or deconstruction. Within 180 days of availability of funding for the study, staff will commence the study and, once complete, present the study's findings.
5. Directs staff to commence community conversations within 90 days of completion of the engineering study of Hall A for the purpose of developing recommendations about potential use(s) of Hall A, or portions thereof, including use as a multi-use community/interpretive center as recommended by the *Expo Future Historical Significance & Memorialization Committee Recommendations Report* presented on December 10, 2024.
6. Directs staff to develop cost estimates and request funding in Metro's proposed FY25-26 budget for development of the interpretive plan for representation and memorialization of histories and cultures connected to the Expo site as identified in *Expo Future Historical Significance & Memorialization Committee Recommendations Report* presented on December 10, 2024.
7. Directs staff to present a proposed governance structure and approach to community engagement for the development of the Expo Center interpretive plan, described in Action 6 above, within 180 days of adoption of this resolution. The approach must, at minimum, invite representatives of the urban Indigenous, Japanese American, and Vanport communities and Tribes to participate in the plan's development.

ADOPTED by the Metro Council this 9th day of January 2025.

Lynn Peterson, Council President

Approved as to Form:

Carrie MacLaren, Metro Attorney

Attachment 2

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REDEVELOPING THE) RESOLUTION NO. 25-5451
PORTLAND EXPO CENTER AS A SPORTS-)
ORIENTED DESTINATION VENUE) Introduced by Council President Lynn
) Peterson

WHEREAS, the Portland Expo Center (Expo) is a regional asset that attracts more than 300,000 visitors to as many as 100 public trade shows and community events annually; and

WHEREAS, the Metro Council and the Metropolitan Exposition Recreation Commission (MERC) seek to derive the greatest public benefit of the 53-acre property and venue and are engaging with key stakeholders and partners, including communities and partners with historic and cultural ties to Expo, business interests, interested Tribes, and Expo clients and business stakeholders to identify future uses for the Expo Center; and

WHEREAS, the sports tourism industry nationally generated direct spending impact of \$52.2 billion and total economic impact of \$128 billion and supported 757,600 full-time and part-time jobs in 2023¹; and

WHEREAS, Oregon's Athletic, Outdoor, Team and Recreation Ecosystem supports \$29 billion annually in economic impact and is growing²; and

WHEREAS, the Metro Council and MERC, recognizing Oregon's status as an international powerhouse in the sport and outdoor industry, directed staff to take measures to align Expo's future redevelopment as a community-centric destination venue that prioritizes amateur, professional, and recreational sports; and

WHEREAS, sports and recreational uses have been a part of Expo throughout its history and offer a means of interpretation of the rich and complex history of the site; and

WHEREAS, MERC, on behalf of Expo, adopted the *Portland Expo Center Revised Booking Policies and Procedures* on November 1, 2023, which offers priority booking to sporting events; and

WHEREAS, Metro has partnered with local experts in the areas of tourism and sports tourism, sports facility operation, amateur and professional athletic teams, hospitality, economic development, healthcare and more and government partners on a market and feasibility study to examine how Expo can best pivot its operations toward a sports facility as a primary market, with other uses such as consumer, live entertainment, and community events as secondary markets; received from Hunden Partners insights into management trends for sports facilities similar to those contemplated at Expo, which indicated that, increasingly, third-party management is favored at comparable sites across the country; and explored additional revenue generating opportunities for the site; and

¹ *State of the Industry Report for 2023*, Sports ETA, 2023.

² *Oregon: The State of Sport*, Portland Business Alliance, 2022.

WHEREAS, the *Expo Future Project Feasibility Study* completed by Hunden Partners in June 2024 found the Pacific Northwest and Portland regions lacking in indoor sports facilities; and

WHEREAS, Hunden Partners' updated economic impact analysis based on the preferred sports scenario for Expo Center shows the potential to generate up to 122 sporting events and 186 event days, annual visitation of more than one million guests, 53,195 new hotel room nights annually, 217 new fulltime-equivalent jobs, and \$1 billion in new direct spending over a thirty-year period, in addition to meeting unmet local demand for additional sports facilities; and

WHEREAS, the sports facilities proposed in the *Expo Future Project Feasibility Study* could meet local needs and unaccommodated demand for indoor court and ice sports and track; could expand demand for related public and private sports facilities; could add value to the community by providing more diversity in lodging, dining, and other uses; and could provide the public with the opportunity to be more engaged in recreational and competitive sports, which can aid residents' overall mental and physical wellbeing; and

WHEREAS, the Expo Future Sports & Facilities Committee has developed a Public Use Statement that identifies the need to balance sports tourism-derived events at Expo Future with regular public use of all indoor and outdoor facilities and amenities to ensure economic and social benefits to the region; and

WHEREAS, MERC adopted an identical resolution at its meeting on January 8, 2025; now therefore,

BE IT RESOLVED that the Metro Council

1. Accepts the preferred sports development scenario presented by the Expo Future Sports & Facilities Committee on December 10, 2024, and directs staff to continue to analyze and refine the scenario and provide regular updates to Metro Council as the project progresses.
2. Directs staff to propose a package of short-term, interim investments and funding sources in Metro's FY25-26 budget within 90 days of adoption of this resolution for the purpose of better preparing Expo Center to attract and to host more sporting events and tournaments, preferably regional or larger, and to generate resources that allow Expo to meet needs for public use.
3. Directs staff to bring forward the criteria for solicitation of a public-private partnership for full build out of the recommended Expo Center sports redevelopment scenario, including representation and memorialization recommendations and other required site features, by June 30, 2025, with the intent of selecting a development partner by December 2025.
4. Directs staff to ensure that implementation of actions pursuant to sports uses at Expo is supportive of and compatible with the representation and memorialization recommendations presented to the Metro Council and MERC on December 10, 2024, and that staff endeavor to accomplish expansion of sports uses and representation/memorialization of the site's histories and cultures in a way that does not commodify or cause harm to involved partners and communities.

5. Directs staff, within the current venue constraints, to continue to make every effort to pursue the sports event market including offering first priority booking to sporting events as specified in the *Portland Expo Center Booking and Scheduling Policies and Procedures* adopted November 1, 2023, and to report to Metro Council every 180 days on progress booking sports-related events.

ADOPTED by the Metro Council this 9th day of January 2025.

Lynn Peterson, Council President

Approved as to Form:

Carrie MacLaren, Metro Attorney

Materials following this page were distributed at the meeting.

Workshop Overview: This agenda is for an AIAI round table discussion for Metro Oregon

Venue: IMetro Regional Center

Date: April 3, 10:30am - 3:00pm

TIMING	TOPICS
10:30am 15 minutes	<p>AIAI Overview and Attendee Introduction: President Peterson, Metro Council Paul Slyman, Metro Thomas Sherman, AIAI</p>
10:45am 30 minutes	<p>The Business Case for a P3 A P3 is a combination of design, construction, financing, operations, and maintenance. The AIAI panel will discuss key issues that project owners must consider when evaluating a project for P3 delivery. Panelists will discuss the qualitative and quantitative factors that go into the evaluation process.</p>
11:15am 45 minutes	<p>Top 10 Critical Issues When Procuring a P3: Ensuring that you have a marketable project What do you need to do to be successful when procuring a P3? How do you attract bidders to your project? The AIAI panel will provide a step-by-step review of the key critical issues that must be addressed in procuring a P3. Those issues include Vision, Political Champions, Communication, Community, Commitment, Experience, Funding, Staff, Time, and Access.</p>
12:00 Working Lunch 75 minutes	<p>Case Study Overview Interactive session based on existing projects.</p>
1:15pm 30 minutes	<p>Best Practices in Deal Structuring & Contract Management The basis of all good P3s is in the structuring of the deal and the management/oversight of the contract. During this session both public and private sector experts will discuss the basic and best practices for P3s. They will also share their views on the best practices for contract management for the short-term and long-term success of a P3. Structuring the agreement, conducting a fair and competitive procurement process, and negotiating a final agreement that is transparent and protects the public interest. Project Discussions/ Case Studies</p>
1:45pm 15 minutes	<p>Best Practices in Risk Allocation and Surety The effective use of the P3 model is predicated on contractually allocating risk to the party most able to effectively manage it, but such risk allocation cannot occur in a vacuum. Risk allocation between parties must be aligned with project fundamentals including performance, financing and payment obligations, to ensure that parties are sufficiently incentivized to effectively manage their respective risks once the signed concession agreement becomes effective.</p>
2:00pm 15 minutes	<p>Picking the Right Advisors and Partners Managing a successful procurement and delivering a project demands the right partners. Knowledgeable, experienced financial, legal, and commercial advisors are critically important to ensure this success. Selecting these advisors takes careful thought to ensure that project leaders are getting appropriate guidance on many project issues. Similarly, when the public sector selects the winning private sector partner for long term P3 contracts must be done with fair, transparent, and rigorous procurements and selection processes Join this session for a view from both those who have made these selections and those who have been part of these partnerships.</p>
2:15pm 30 minutes	<p>How to Create Strong Competitive Programs: How do we become attractive to the private sector? How do we share our story...and attract competition?</p>
2:45pm	<p>Q & A & Closing</p>

AIAI

P3 Workshop | Oregon Metro April 3, 2025



AIAI

Association for the Improvement
of American Infrastructure

Together, we move P3s forward.

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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The Possibilities of P3

What is a Public-Private Partnership, or P3?s

A **Public-Private Partnership (P3)** is a delivery method that offers best value to the taxpayer through risk transfer.

It's a contractual agreement between a public agency and a private entity that allows for greater private sector participation in the life cycle performance of the asset.

Generally, a P3 is considered to include long-term capital and financing as part of a **Design-Build-Finance-Operate-Maintain (DBFOM)** contract structure or a **monetization transaction**.

Why should you consider a P3?

Cities are the cornerstone of the nation's economy. Society is evolving, and city leaders willing to embrace change can capitalize on the innovation and opportunities offered with alternative delivery, stimulating economic development.

Alternative delivery models allow governments to consider a range of options that offer resilient, long-term solutions to their infrastructure challenges. Adopting the P3 model allows city leaders to provide safe, secure, modern communities, creating a legacy of equity, innovation and value.

Commonly used terms

- Availability Payment (AP)
 - Business Case
 - Design-Build-Finance
 - DBFOM
 - Enabling Legislation
 - Financial Advisor
 - Financing
 - Funding
 - Infrastructure
 - Legal Advisor
 - Progressive P3 or PDA
 - Risk Sharing or Risk Transfer
 - Community Based/Social Infrastructure
 - Special Purpose Vehicle (SPV)
 - Technical Advisor
 - Value for Money
 - Equity
 - Life Cycle
 - User Fee/Demand-Risk Model
-

Infrastructure can be defined as any large capital-intensive asset that provides essential services over a long service lifetime, and in doing so underpins broader economic and community activity. The P3 model can be applied to most infrastructure sectors, such as:



MASS TRANSIT



**ROADS &
BRIDGES**



**ATTAINABLE
HOUSING**



**AIRPORTS
& PORTS**



**WATER &
SEWAGE
TREATMENT
PLANTS**



**EDUCATIONAL
FACILITIES**



HOSPITALS



**COURTHOUSES
& JUSTICE
CENTERS**



**OTHER
MUNICIPAL OR
COMMUNITY-
USE FACILITIES**



**RENEWABLE
ENERGY**

Advantages of a P3 from both perspectives of the partnership

PUBLIC SECTOR PERSPECTIVE

- **Retain ownership** of public asset
- **Accelerate** project delivery
- **Transfer risks** of delivering projects
- Long-term **life cycle**
- **Cost savings**
- Project performance **guarantees**

PRIVATE SECTOR PERSPECTIVE

- **Investment** opportunity
 - Fosters **innovation**
 - **Competitive process** and transparency
-

Comparison between the Design-Bid-Build model and DBFOM (P3)

DESIGN-BID-BUILD

- Public sector takes on most risks (except construction)
- Public financing (generally)
- Awarded to lowest bidder
- Public agency is responsible for O&M of the asset once construction is completed.

DESIGN-BUILD-FINANCE-OPERATE-MAINTAIN

- Risks are shared between public and private sectors (and assigned to the party most suited to mitigate the risk)
 - Private financing (generally)
 - Best value for least net present
 - Ongoing O&M is the responsibility of the private sector for the lifecycle of the project.
-

Benefits of a P3



SCHEDULE DISCIPLINE



BUDGET CERTAINTY



COST SAVINGS



GREATER INNOVATION



LIFE-CYCLE MAINTENANCE



ACCELERATED DELIVERY



PUBLIC OWNERSHIP & CONTROL



EFFECTIVE RISK TRANSFER



JOB CREATION



PAYMENT FOR PERFORMANCE/ACCOUNTABILITY

A P3 is:



A DESIGN AND CONSTRUCTION, FINANCING, OPERATIONS AND MAINTENANCE PARTNERSHIP – the public sector enters into a long-term contract with the private sector to deliver assets and services for the benefit of the general public



A LIFECYCLE PROCUREMENT APPROACH THAT GUARANTEES PERFORMANCE – by integrating design, construction, and financing with operations and maintenance, the asset performance is optimized for the long term



A RISK SHARING APPROACH – the private sector assumes key financial, technical and operational risks, while the public sector sets policy and retains ownership



A TRANSPARENT RELATIONSHIP – the owner creates the control parameters during procurement and retains ownership of the project.

A P3 is **NOT**:



PRIVATIZATION - the public sector **retains ownership and ultimate control** of the public asset



A FUNDING SOLUTION - the government agency gains access to private financing options which may not be available in regular public procurement, but the project must still be creditworthy



A SHORT-TERM CONTRACT - the private entity enters into a performance-based contract with financial penalties imposed by the public agency if availability and quality standards are not met



THE RIGHT SOLUTION FOR EVERY PROJECT- a value-for-money analysis should be performed by experienced legal, technical and financial advisors to determine if a P3 approach is right for the project.

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P3s are not free money

A P3 is a **project delivery method** - not a funding approach. Private financing and equity must be repaid. A funding/revenue stream must be in place and be “marketable” to ensure a viable P3.

Criteria for viable P3 projects

Legislation	The owner has the appropriate legislative authority in place to undertake a P3 arrangement.
Project Size	In general, projects require a significant amount of capex to be good candidates for P3 arrangements with financing.
Project Complexity	In general, projects with higher technical complexity offer relatively higher opportunity for private sector innovation and integration of design, construction, financing, operations and maintenance.
Project Duration/Asset's Life	In general, the value added through a P3 arrangement increases with the potential duration of the P3 arrangement.
Performance Characteristics	P3 arrangements include performance-based requirements. It is important for owners to evaluate whether it is feasible to clearly define meaningful performance standards for the project.

The top ten critical factors to address when procuring a P3

1. VISION
 2. CHAMPION
 3. COMMITMENT
 4. COMMUNITY
 5. COMMUNICATION
 6. FUNDING
 7. EXPERIENCE
 8. STAFF/TIME
 9. VALUE
 10. INNOVATION
-

The top ten critical factors to address when procuring a P3

1. **VISION**
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. INNOVATION

- What basic public need does the project address?
- How do you reach consensus on core objectives and public policy goals?
- How will you measure success?

The top ten critical factors to address when procuring a P3

1. VISION
2. **CHAMPION**
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. INNOVATION

- Who is standing up for the project and the model?
- Will P3s be there after the next election?
- What happens next?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. **COMMITMENT**
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. INNOVATION

- Do we have the support for our agency to do things differently than using our traditional procurement methods?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
- 4. COMMUNITY**
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. INNOVATION

- What are the benefits and tradeoffs of P3 delivery?
- How do we incentivize good behavior from the private partner?
- What are the employment impacts, both immediate and long term?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
- 5. COMMUNICATION**
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. INNOVATION

- Did an analysis take place?
- Is this project delivery type supported?
- Are you communicating the results?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
- 6. FUNDING**
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. INNOVATION

- Is there any money for P3 projects?
- Federal funding?
- What are leveraged funds?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
- 7. EXPERIENCE**
8. STAFF/TIME
9. VALUE
10. INNOVATION

- Do we have the right or relevant experience to adjust to planning for, implementing and then managing P3 procurements?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. **STAFF/TIME**
9. VALUE
10. INNOVATION

- Do we have the staff to handle projects procured through P3s?
- The right people?
- The right skills?
- What advisors are needed? For what roles?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. **VALUE**
10. INNOVATION

- Does the P3 structure provide value to the owner/community?
- Has there been a Value for Money study?

The top ten critical factors to address when procuring a P3

1. VISION
2. CHAMPION
3. COMMITMENT
4. COMMUNITY
5. COMMUNICATION
6. FUNDING
7. EXPERIENCE
8. STAFF/TIME
9. VALUE
10. **INNOVATION**

- Will we have access to innovations? Novel designs? Creative construction techniques?
- Are we incorporating new technologies to embrace a sustainable and resilient lifecycle approach?

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P3 Readiness

Initial considerations

- Legal authority
 - Funding availability
 - O&M applicability
 - Schedule
 - Risk
 - Communications plan
 - Stakeholder concerns
 - Industry interest
 - Project readiness, including environmental clearance
-

Know what you want

- Establish clear goals and criteria for success
 - Develop a strong program with clear output specifications
 - What do you want the partner to do?
 - What risk will you assume?
 - Benchmark costs and establish targets
 - Evaluate financing strategies
-

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Get the right advisors

- Real estate and development advisory
 - Capital formation strategies and analysis
 - Legal and legislative
 - Public procurement process expertise
 - Expertise in complex evaluation and contract negotiations
 - Design and construction oversight
 - Communication and public outreach
-

Have a clearly defined process

- Transaction structure including financing considerations
 - Attainable schedule and milestones identified
 - Clear goals, expectations & evaluation criteria
 - A clearly defined design process
 - Clearly defined performance specifications
 - Construction oversight
 - Ensure transparency and accountability in the process
 - Communication plan for internal and external stakeholders
-

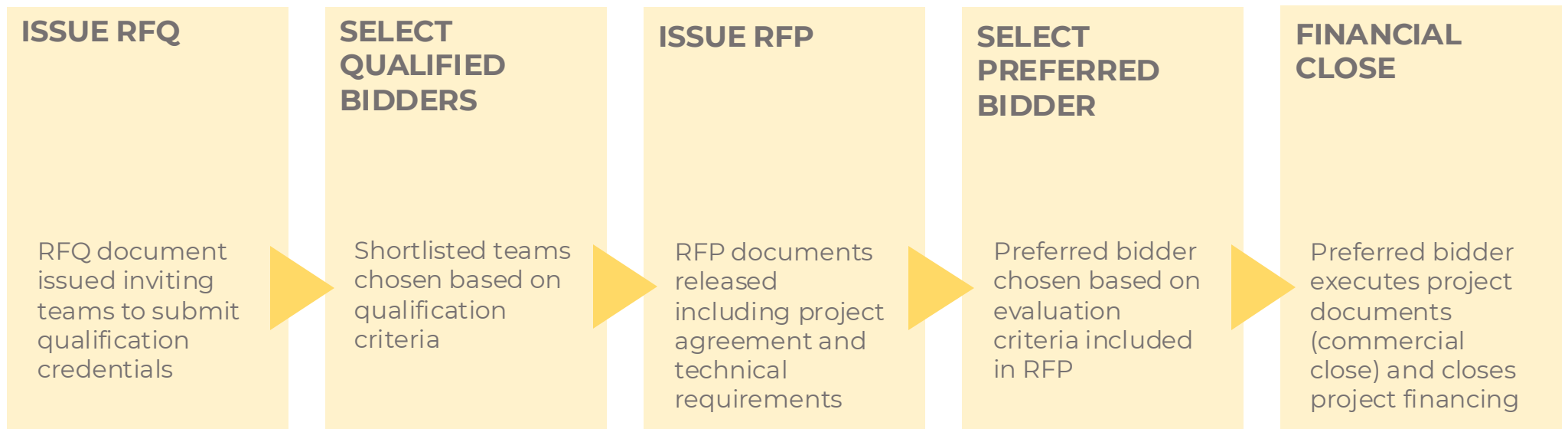
Principles of successful delivery

- Owner-defined scope
 - Industry outreach
 - Stakeholder outreach and involvement
 - Performance-based specifications, open to innovation
 - Head-to-head competition
 - Transparency
 - Fair treatment of bidders
 - Inclusivity and goal-setting
 - Timely third-party approvals
 - Timely decision-making and speed in execution
 - Effective and efficient risk transfer
-

The procurement process

One of the key drivers for the successful development of a P3 project is a defined, properly structured procurement process that encourages private sector companies to bring forward their best people and ideas.

The key stages of the P3 process include:



General procurement timeline

	Market Outreach	Request for Qualifications	Request for Proposals	Award/ Commercial Close	Financial Close	Total
Typical duration	1-2 months	2-3 months	6-12 months	1-2 months	2-4 months following Commercial Close (longer for revenue risk concessions)	12-24 months

Questions

AAA

**WORKING LUNCH
CASE STUDYS**

AAA

BUILDING THE BUSINESS CASE

Delivery Model, Deal Structuring and Contract Management



Association for the Improvement
of American Infrastructure

THE P3 PEOPLE

P3 CASE STUDY



Clackamas County Circuit Courthouse

OREGON CITY, OR

Owner	Clackamas County
Value	\$295 million
Financial Close	August 2022
Delivery Structure	30-yr Availability Based DBFM
Project Team	Equity: Fengate Capital Design-Builder: PCL Construction O&M: Honeywell International

The Challenge:

The current courthouse is too small for its intended purpose and has significant security and operational issues, including not having separate circulation for the public, the judicial staff, and defendants. In addition, the building is nearing the end of its useful life and will require substantial investment to renovate and update to modern standards, and there are significant seismic concerns with the existing building.

The Solution:

The new courthouse will measure 258,000 square feet, with 72,149 square feet of courtroom and chamber space.

The courthouse construction will provide a big boost for the local economy without requiring any new taxes. It will create hundreds of local jobs with competitive wages and provide opportunities for local labor and businesses. Clackamas Progress Partners are committed to hiring local disadvantaged, minority-owned, women-owned and service-disabled-veteran-owned businesses.

The Outcome:

Design to construction completion timeline: Estimated 3 years

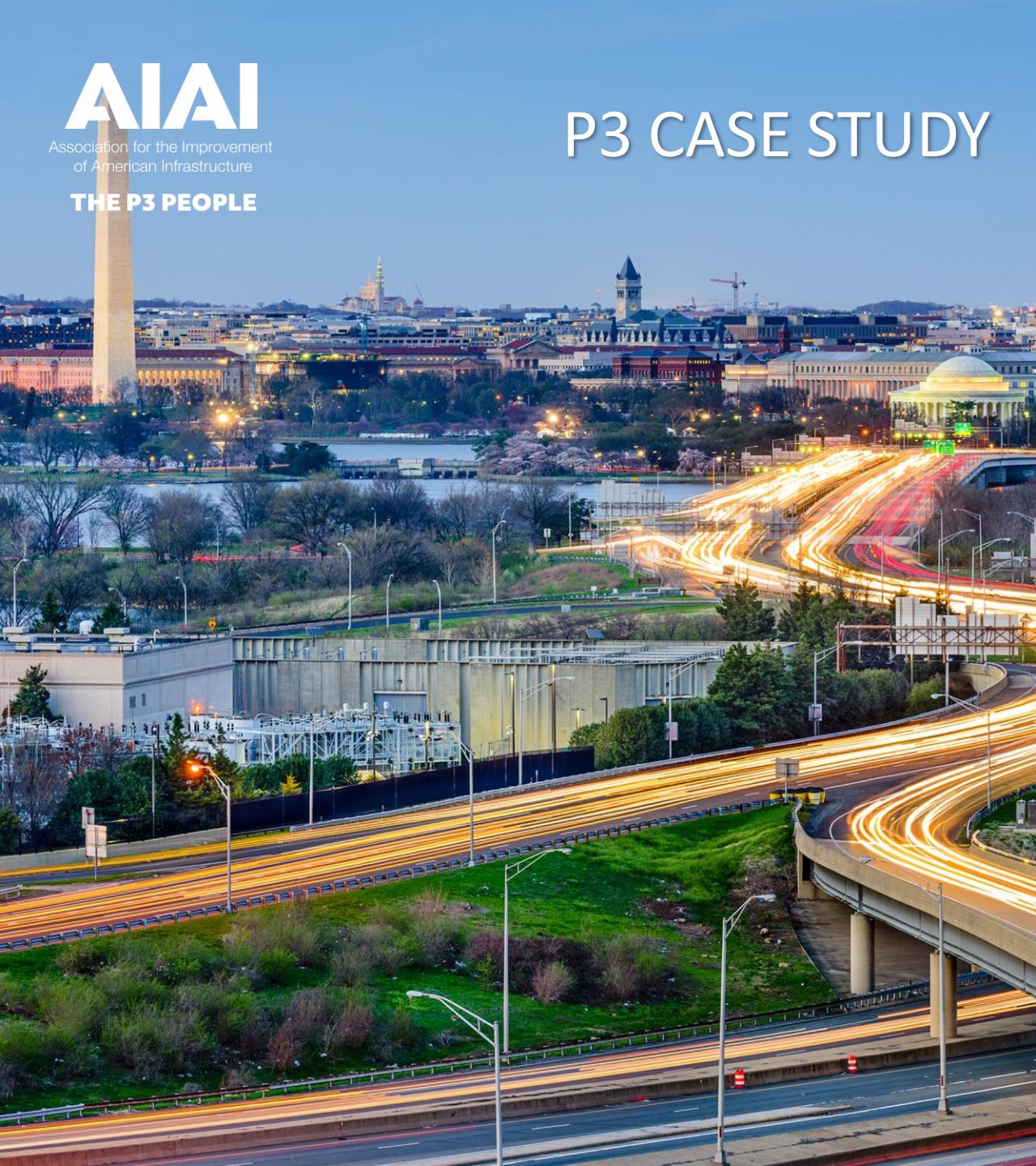
How was the project paid for? Senior secured private placement debt.

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THE P3 PEOPLE

P3 CASE STUDY



Smart Street Lighting

WASHINGTON, DC

Owner	District Dept. of Transportation & Office of P3
Value	\$309 million
Financial Close	May 2022
Delivery Structure	15-year Availability-Based DBFM
Project Team	Equity: Plenary Americas, Phoenix Infrastructure, Kiewit Development Company Design-Builder: ENGIE North America O&M: Equans

The Challenge:

The project sought to modernize the streetlight network to improve safety across the District for pedestrians, cyclists, and those travelling by motor vehicle. The project supports the District's Vision Zero campaign, which is designed to improve pedestrian and bicycle transportation safety and reduce fatalities and serious injuries to travelers of the D.C. transportation system.

The Solution:

The project will convert the city's more than 75,000 street and alley lights to energy-efficient LED Technology with remote monitoring and control capabilities. This modern infrastructure will reduce the lights' energy usage by more than 50%, eliminating 38,000 tons of greenhouse gas emissions each year and extend Wi-Fi Coverage in traditionally underserved neighborhoods.

The Outcome:

Design to construction completion timeline: 1 year

How was the project paid for? Combination of State and Federal Grant funding and Senior Secured Private Placement Debt.

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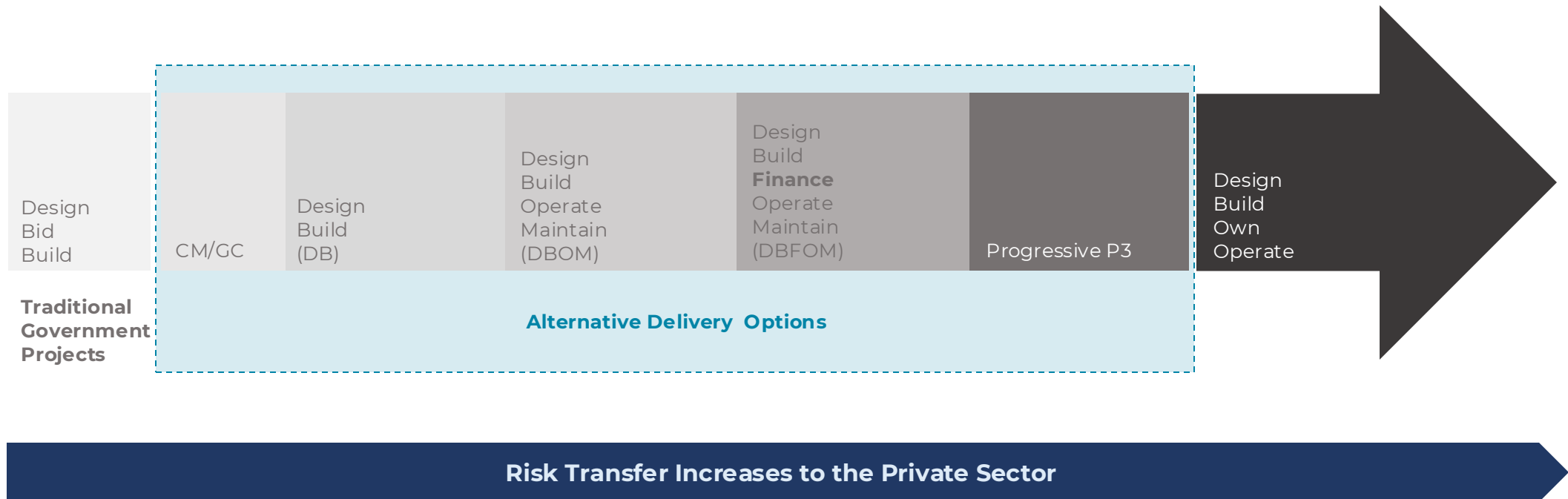
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P3Direct 

Determining your Delivery Model

Alternative delivery continuum

Delivery options are defined by risk transfer and private sector involvement.



CM/GC



UTA First/Last Mile Connections

- Design team works for owner.
- Contractor comes on board early – continuous interactions/integration throughout the design process.
- Construction contract based on a negotiated price and risks are better reduced during design development.
- Design costs can be higher due to constructability and stakeholder interactions.
- Potential for reduced claims and risk for post award cost and schedule changes.

Design-Build



Harry Nice Bridge

- Concept design developed by owner to approximately 30%.
- Final design obligations and construction integrated into one contract with contractor.
- Risk is transferred to contractor for design and construction integration.
- Other risks assigned to party best able to manage the risk.
- Owner CM performs oversight, QA, assesses performance, and validates progress.

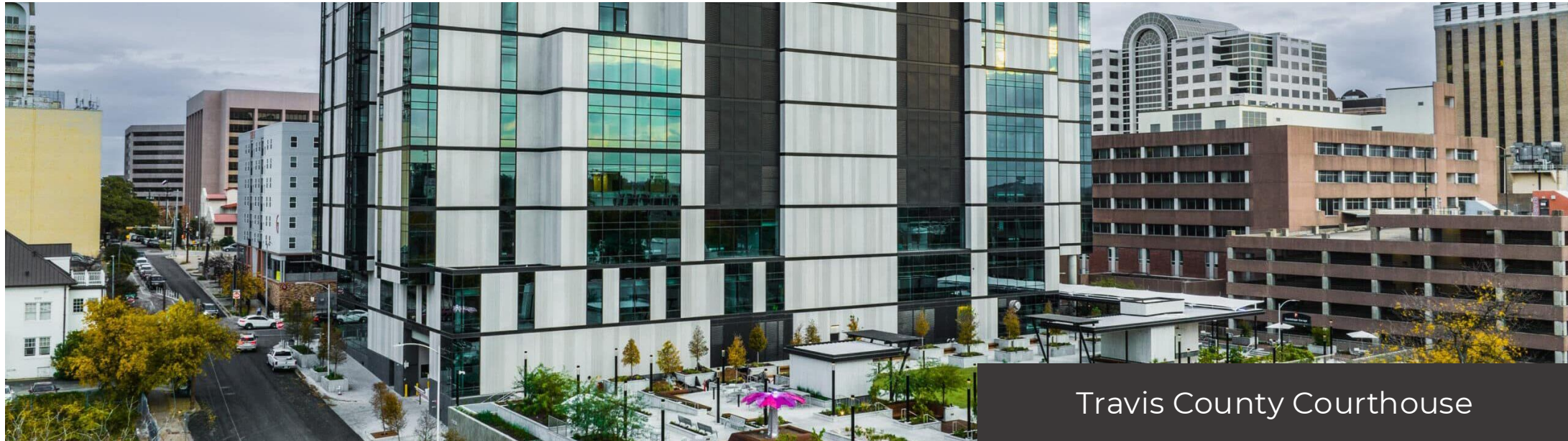
Progressive Design-Build



Annapolis City Dock

- Qualified Design-Builder is chosen based on design criteria developed by owner.
- Concept designs, site investigations, design development and design and construct integration occur during the development phase.
- Open book pricing occurs to define the DB phase cost.
- Provides flexibility by defining and de-risking the project in development phase prior to hard bid for DB work.
- Can reduce overall delivery schedule and potential claims.

Design-Build-Finance



- Preceded by typical Design-Build procurement.
- Design-Build price includes short-term financing costs.
- Contractor may self-finance or use traditional bank financing.
- Helps to bridge owner short-term funding gaps. Can be used to finance all or part of a project - but costs of financing add to overall project costs.

Design-Build-Operate-Maintain



- Contractor is responsible for design, construction and operations and maintenance for a set term.
- Incentivizes lifecycle considerations in design.
- Long term financing is not included and O&M can be repriced periodically.
- Facility returned to the project sponsor at the end of the term.
- Contracts include risk-sharing provisions to encourage cooperation between parties and long-term partnership.

Public-Private Partnership (P3) or Design-Build-Finance-Operate-Maintain



LAX Automated People Mover

- Design, build, finance, operations & maintenance obligations are all shifted to the private sector, which is also responsible for integration risks and lifecycle concerns.
- Risk is allocated to the parties best able to mitigate and manage risk. Risk elements are defined and addressed in the contract.
- The procurement process is interactive and ends with a fixed bid for all project elements - design, build, finance, operations & maintenance.
- Allows for private sector innovation which can result in reduced project costs and construction timeline.
- Guarantees performance of lifecycle costs such as O&M and replacement and handback costs.
- Provides long-term fixed payment terms and schedule.
- Provides a supplemental source of financing.

Progressive P3

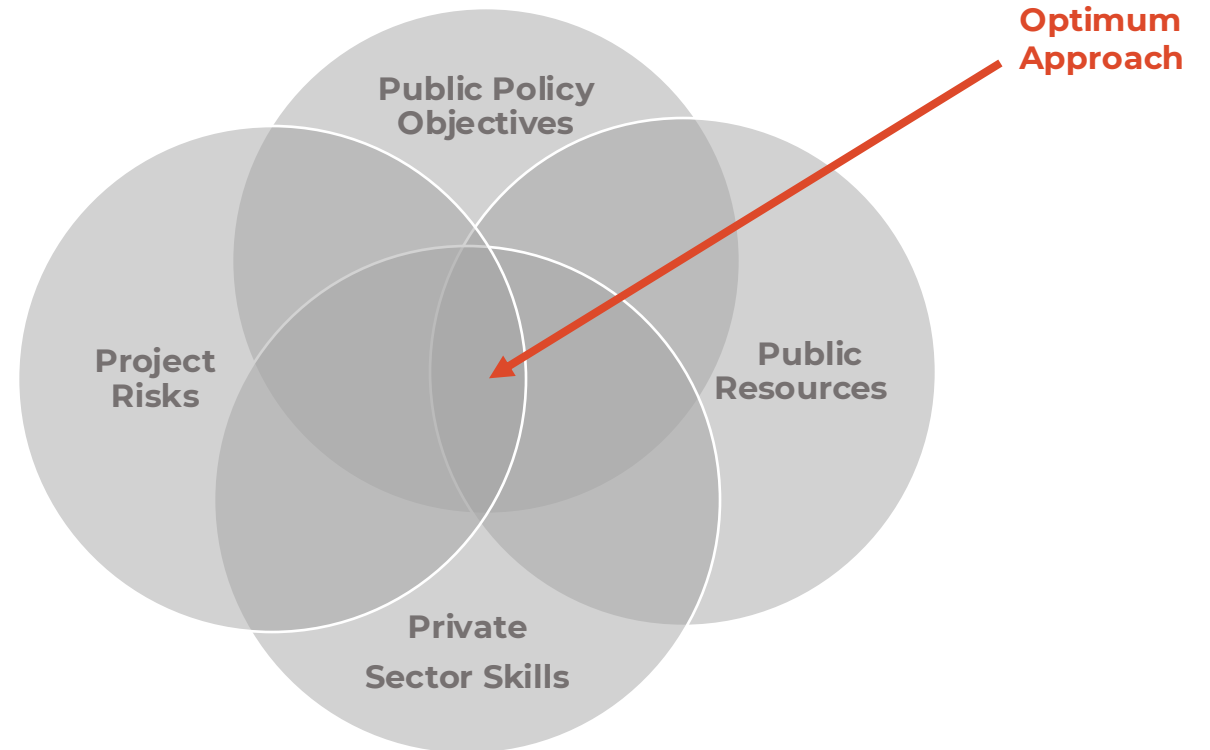


Downtown East, City of Pflugerville, TX

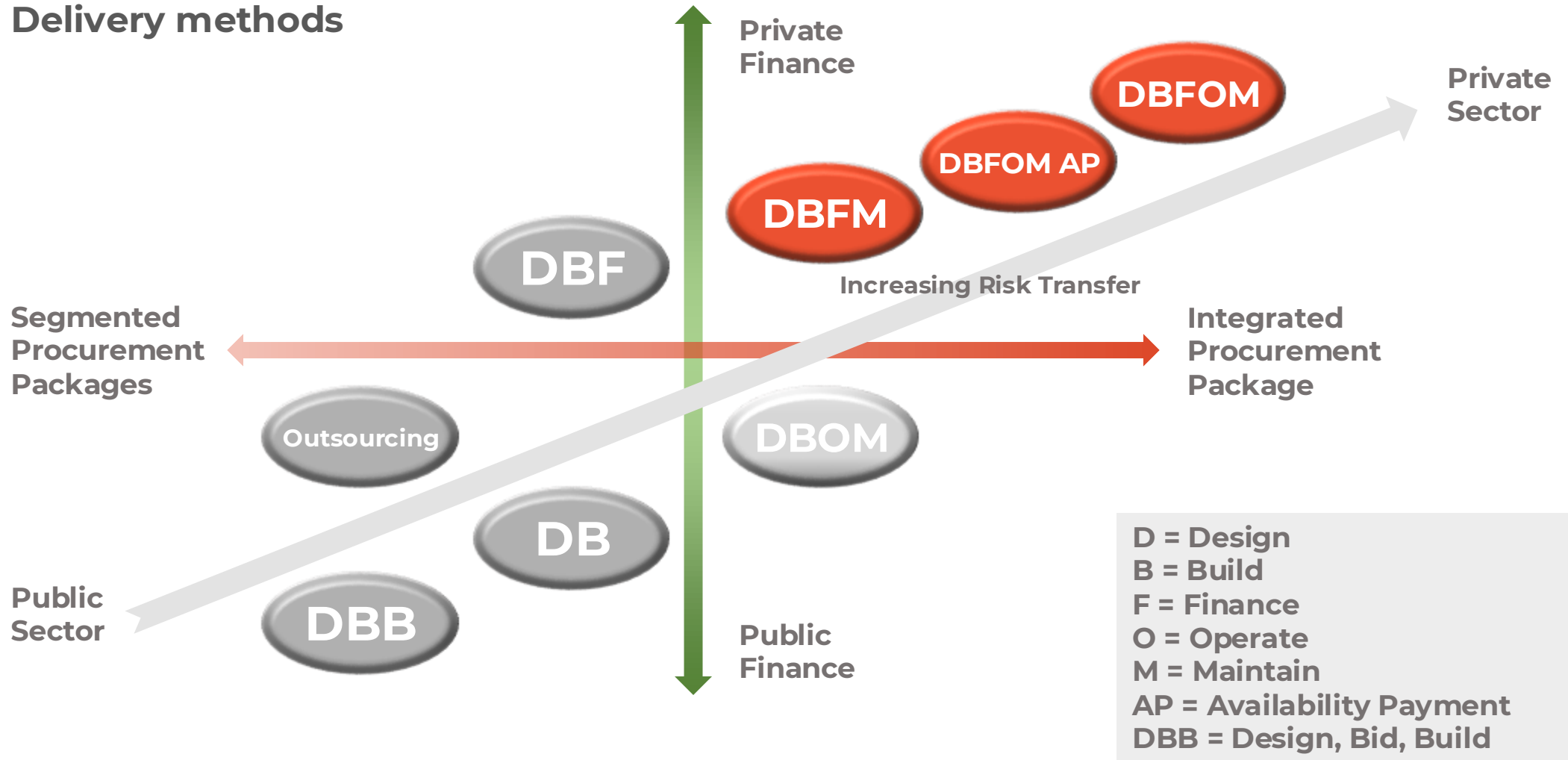
- Advances timeline for partnering between owner and developer during the Project Development Agreement (PDA).
- Procurement is based on qualifications.
- Open book pricing occurs when the project is well-defined.
- Allows for incremental project development.
- Provides a supplemental source of financing.
- Advances the schedule by collapsing the procurement process.
- Allows owner to advance the project on limited budgets.
- Development costs and risks are shared between developer and owner.
- Brings innovation and efficiencies earlier in the design development.
- Identifies and mitigates construction risks prior to financial close.
- Brings performance and lifecycle considerations to the forefront.

How does an owner decide?

Optimizing goals and resources



Delivery methods



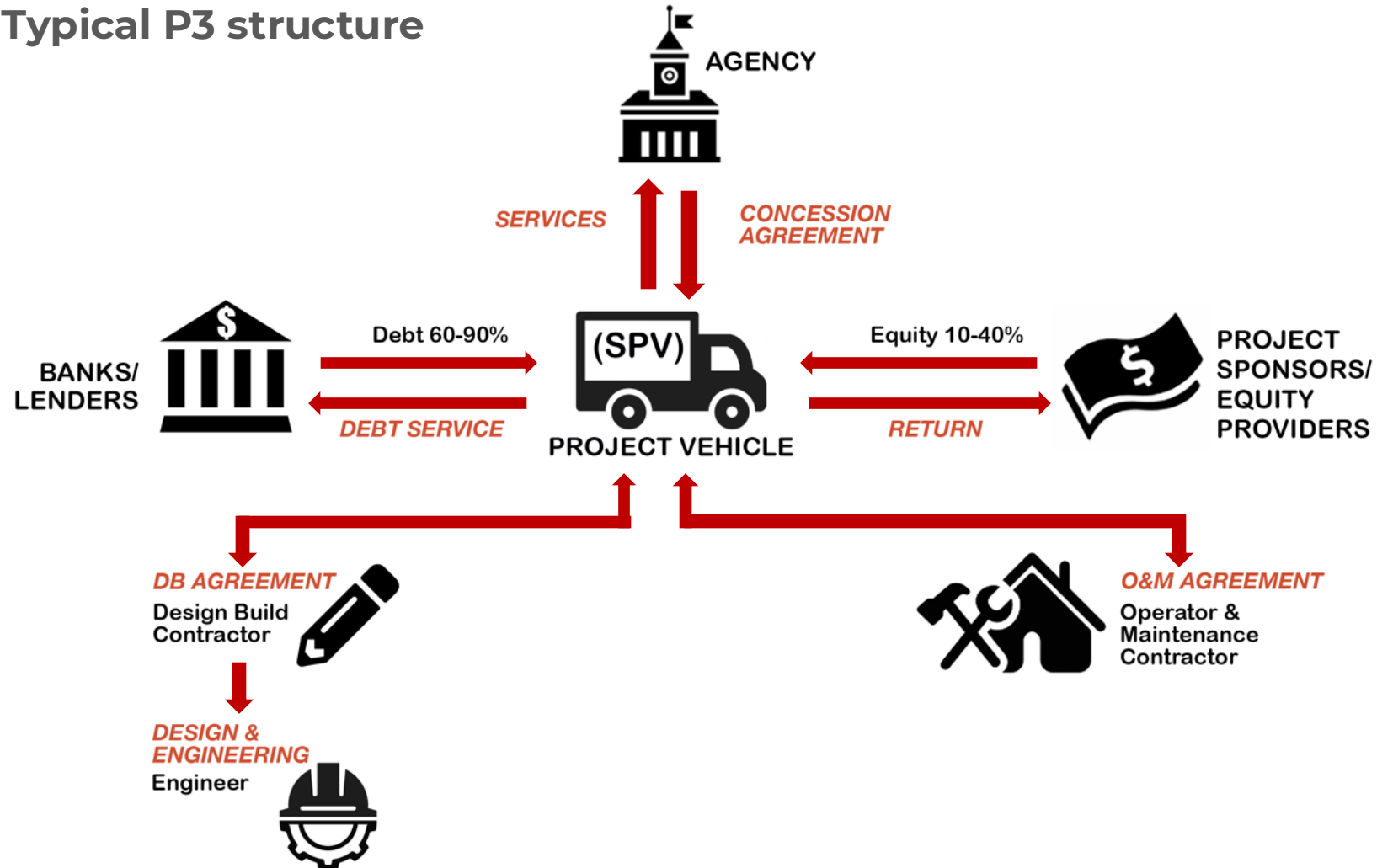
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Deal Structuring and Contract Management

Typical P3 structure



Trade-offs

- Schedule vs funding
 - Owner control vs performance
 - Lifecycle vs upfront costs
 - Owner risk vs risk transfer
 - O&M performed by owner vs contractor
-

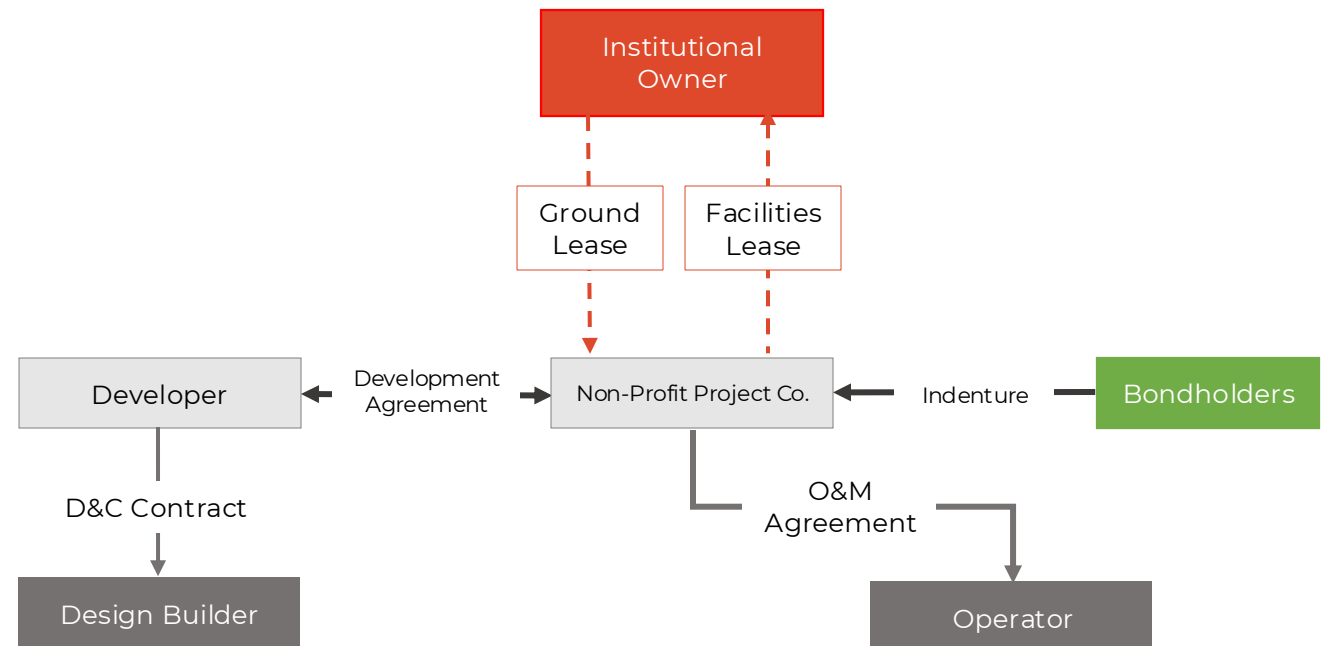
Contractual structures: lease vs concession

	Lease Structure			Concession Structure	
	Tax-Exempt	Taxable	All Equity	Availability Payment	Revenue Risk
Land Ownership	Public	Public	Public	Public	Public
Improvements Ownership	Private	Private	Private	Public	Public
Project Sponsor	501(c)3 Non-Profit	Developer SPV	Developer SPV	Developer SPV	Developer SPV
Financing (typical)	100% Tax-Exempt Debt	90% Taxable Debt, 10% Equity	100% Equity	90% Taxable Debt, 10% Equity	70% Taxable Debt, 30% Equity
Cost of Capital	Low	Medium	High	Medium	High
Net Cash Flow	Public	Public (or shared)	Private	Public	Private (or shared)
Repayment Mechanism	Facility lease	Facility lease	Facility lease	Availability payment	User fees
Term (typical)	30-40 years	20-30 years (up to 99)	65 years (up to 99)	30-40 years	40-60 years
Management Standards	Managed by Public or a 3 rd Party on a fee-for-service basis	Driven by demand (optimized by equity)	Driven by demand (optimized by equity)	Contractually defined and secured	Driven by demand (optimized by equity)

Basic lease/leaseback structure

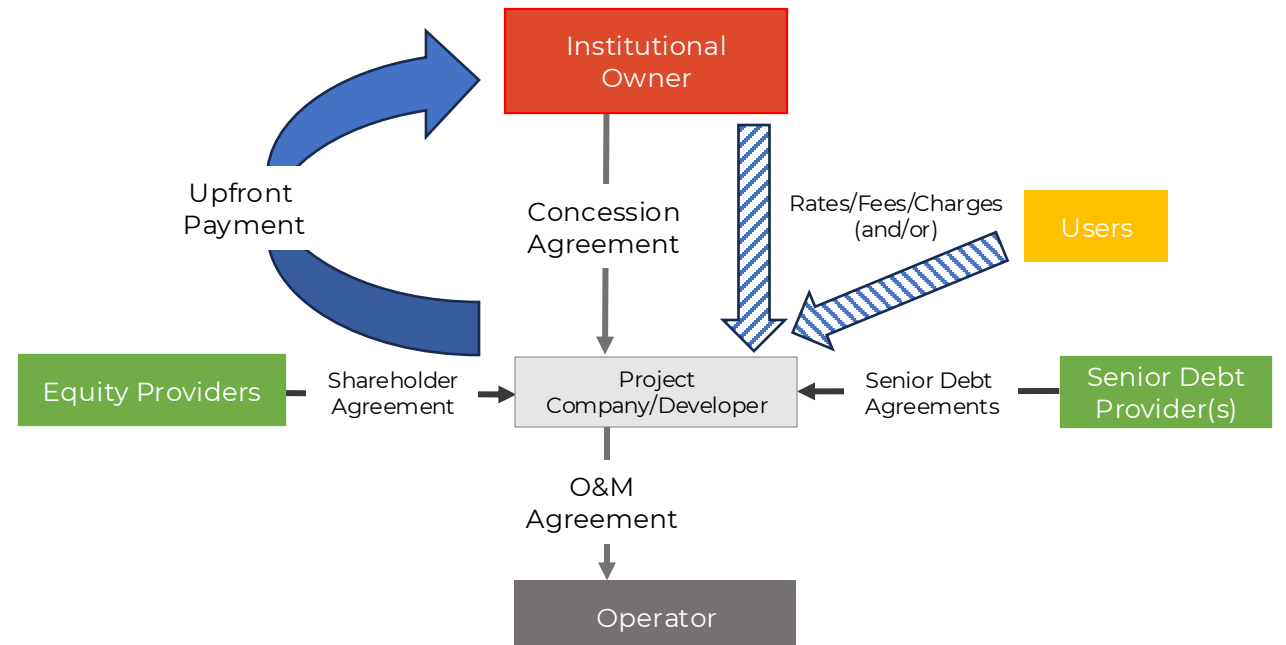
A typical lease/leaseback is structured as a ground lease for a nominal fee by a non-profit entity, with the institutional owner then leasing back some, or all, of the space in the completed facilities.

To deliver the facilities, the non-profit will sell bonds directly or through a conduit issuer, contract with a developer to design and build the facility and then enter into an agreement with an operator to maintain and/or operate the infrastructure asset for a defined period.



Basic monetization structure

A typical monetization structure will see a private entity offer an upfront payment to an institutional owner in exchange for the operational responsibilities and related revenue stream for an existing asset. The private entity will finance the upfront payment and will also have upkeep and replacement responsibilities during the contract term.



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Risk Allocation



Buckets of Risk

DEVELOPMENT RISK

Land Acquisition

Entitlement

Permitting/Environmental

COMPLETION RISK

Design

Cost

Schedule

Site Conditions

LIFECYCLE RISK

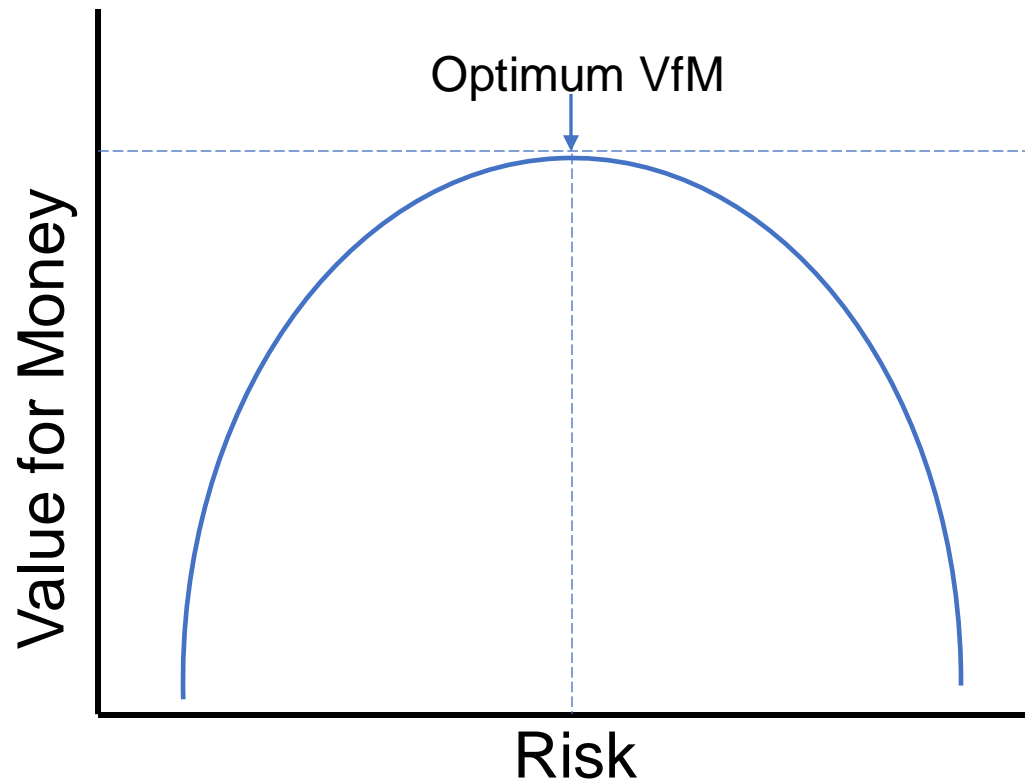
Maintenance/Repair

Energy Sources

DEMAND RISK

Revenue
(Sources)

Value for Money v Risk Transfer



Risk transfer is akin to buying insurance and has a cost

Undertransfer destroys value and overtransfer destroys value

Value for Money

Value for Money (VfM) analysis is a process that can be used to compare the financial impacts for the public sector of a P3 project, compared against traditional public delivery alternatives.

The process to establish VfM includes:

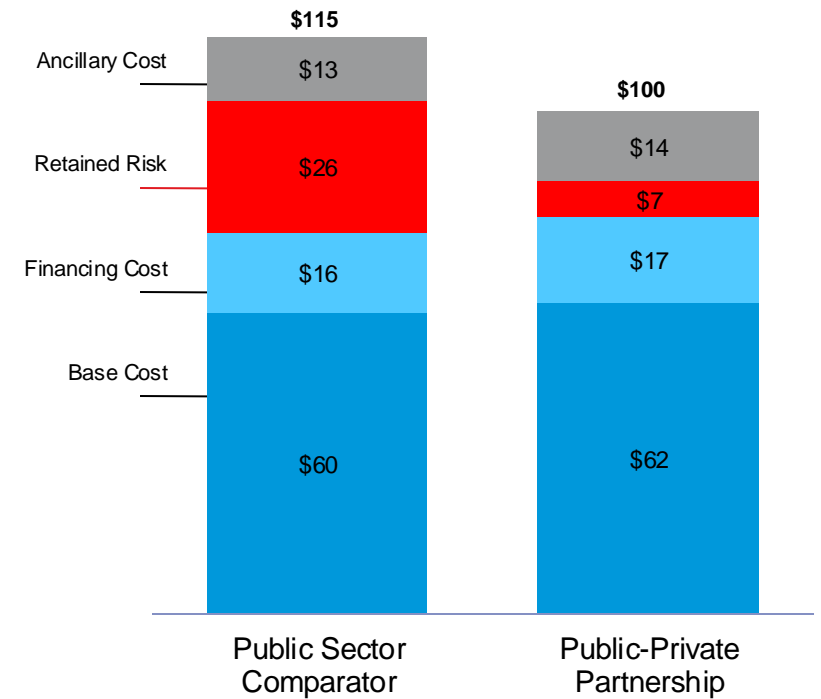
Creating a Public Sector Comparator (PSC), which estimates the whole-life cost to the public sector of the project through a traditional procurement approach including development and finance, operations and maintenance, and lifecycle management;

Estimating the whole-life cost of the P3 alternative (either as proposed by a private bidder or a hypothetical “shadow bid” at the pre-procurement stage); and

Comparing results.

Value for Money is an industry-accepted decision driver.

Value for Money Example



Risk allocation

The financial elements and long-term obligations provide risk opportunities that differ from other alternative contracting approaches.

Risk allocation is at the core of P3s:

Risk transfer = Innovation Incentive

Transferring too little risk diminishes potential VfM.

Transferring too much risk (a risk that is unmanageable) results in contingency additives diminishing the VfM.

Risk allocation

There are two general categories:



FINANCIAL RISK



TECHNICAL RISKS:

- Design-Build
- Operations & Maintenance

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Picking the Right Advisors and Partners



Ensuring competition

How do you become attractive to the private sector? How do you share your story and attract competition? One of the key drivers for success development of a P3 project is a well-defined, properly structured procurement process that encourages private sector companies to bring forward their best people and ideas.

A word cloud of engagement strategies is presented on a light gray rectangular background. The words are in various shades of gray and sizes. The most prominent words are 'RFIs', 'Stakeholder Meetings', 'One-On-Ones', 'Community Days', and 'Project Champion'. Other visible words include 'Industry Conferences', 'Community Meetings', and 'Continuous Communication'.

RFIs Industry Conferences Stakeholder Meetings
Community Meetings One-On-Ones
Project Champion
Continuous Communication
Community Days



Establish elements prior to hiring advisors

Before embarking on this process, agencies should have the following internal elements in place:

- **A clear vision for the project**, defining aspirations/mission
 - **A clear opportunity that requires the use of a P3**, e.g., P3 would improve on historical performance
 - **Clear targets and scope** for the project
 - **An engaged and streamlined oversight function**
 - **Dedicated resourcing** to support delivery across all key internal/external functions
-

Key responsibilities of P3 advisory services

Financial	Technical	Legal
<ul style="list-style-type: none">• Assessing the potential value of a P3 delivery model• Developing the P3 business case (e.g., market soundings, value-for-money analysis, risk analysis, building a financial model, project funding and affordability analysis, procurement strategy)• Structuring the financial aspects of the procurement documents (i.e., RFQ and RFP) and P3 contract• Evaluating and negotiating the financing aspects of P3 bids• Overseeing the financial close.	<ul style="list-style-type: none">• Preparing bridging documents• Developing Project-Specification Output Specification (PSOS)• Supporting the financial advisor with risk analysis• Structuring the technical aspects of the procurement documents and P3 contract• Evaluating and negotiating the technical aspects of P3 bids• Supporting design reviews• Providing construction supervision.	<ul style="list-style-type: none">• Providing intelligence on the general legislative background• Supporting procurement documents and drafting the P3 contract• Communicating and negotiating with bidders• Managing the formal legal procedures and documentation• Conducting due diligence during the financial close.• Supporting the adaptation of P3 contract / contract administration.

Establishing the P3 advisory team

There are certain elements that should be considered when selecting advisors:

- **Character:** what are the advisory firm's principles and values?
 - **Cultural fit:** how well will this advisory firm mesh with current team members?
 - **Risk:** will this advisory firm fit into the broader picture of what we're building?
 - **Trust:** will this advisory firm be dependable and transparent?
-

Best practices when hiring P3 advisors

Seek local expertise
wherever available

Agencies decide;
advisors advise

Demonstrate
preparedness

Specify the capabilities
you're hiring for



AIAI can provide support with in-depth understanding of the specific skillsets & knowledge needed from P3 advisory services.
Contact AIAI for guidance on hiring P3 advisors.

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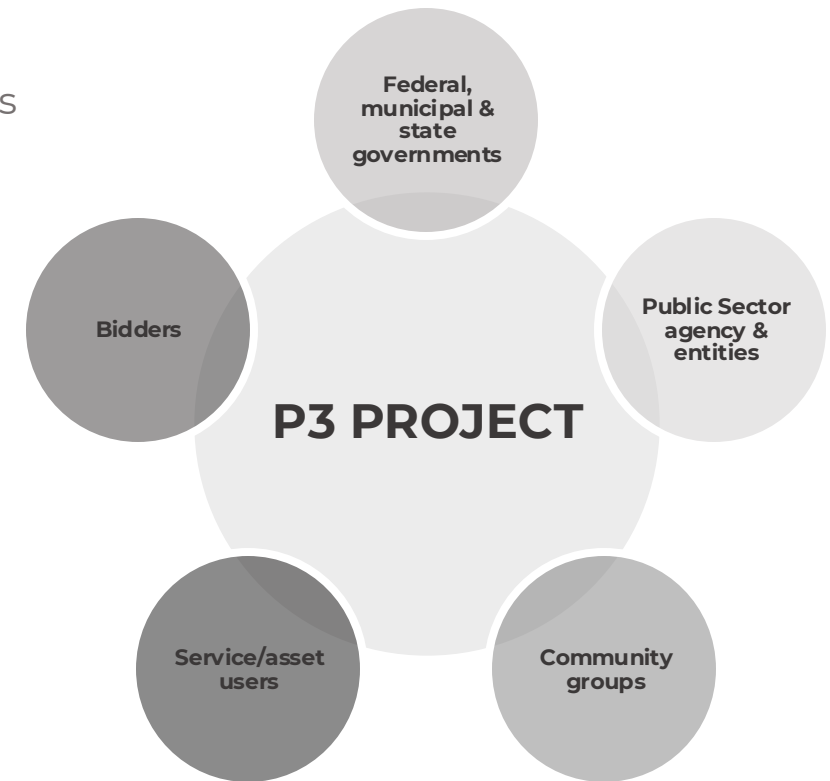
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Stakeholder and Community Engagement

P3 projects involve multiple stakeholders

Establishing an effective stakeholder and communications function on the project team will ensure:

- Local support and buy-in for the P3 project
- Smoother approvals for permits and access rights
- Stronger internal and external stakeholder alignment to stay focused on the P3 mandate and objectives.

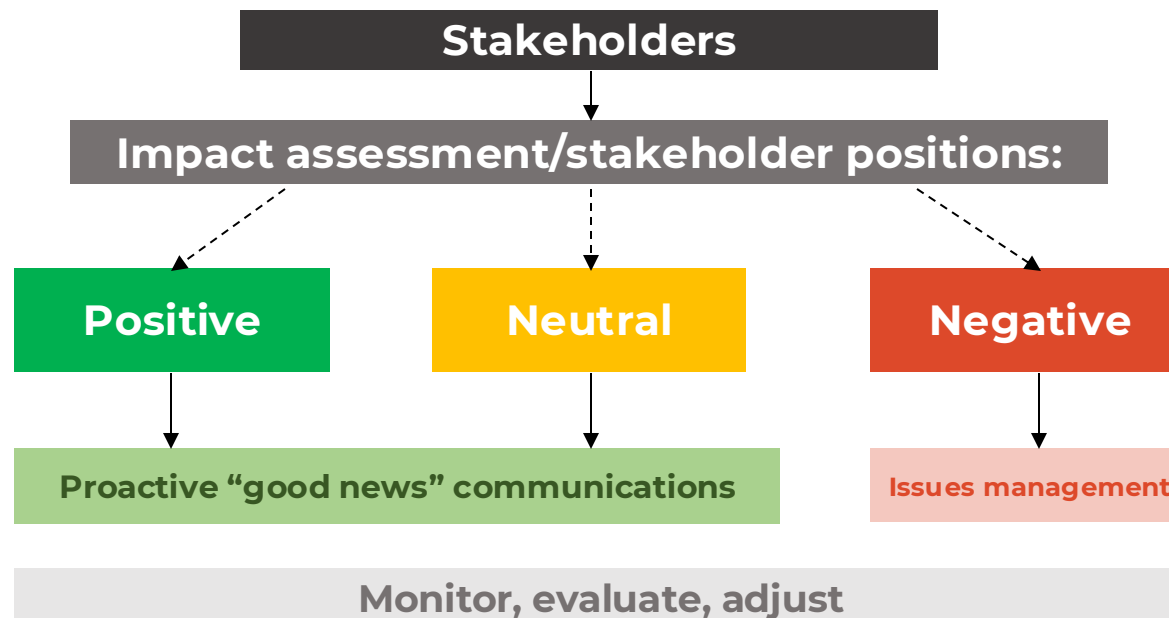


What is your intent?

	Inform	Involve	Empower
Purpose	Provide information	Ensure needs and interests are considered	Partner and share decision-making power
Methods	<ul style="list-style-type: none"> Social media Press releases Printed materials Website 	<ul style="list-style-type: none"> Town hall meetings Focus groups Surveys Interviews Project ambassadors 	<ul style="list-style-type: none"> Steering committee(s) Advisory groups
Commitment	We will keep you informed of project progress	We will reflect your views and address your concerns in project development	We will work with you in planning all aspects of our project
Frequency of Communication	<ul style="list-style-type: none"> Project milestones Project announcements 	<ul style="list-style-type: none"> At project inception At the completion of each phase 	<ul style="list-style-type: none"> Timeline driven Decision points
Communication Style	Mass distribution; via written or video announcement	<ul style="list-style-type: none"> Group meetings One-on-one visits Personalized follow-up 	Frequent and driven by timeline

Pursue a strong and robust plan

Elements of a stakeholder engagement communication plan



The key ingredients of a successful P3 program

Appropriate Project Agreement

- Government defined service requirements
- Private sector design solution
- Appropriate risk allocation

Project Predictability

- Pipeline of projects
- Driven by policy screen
- Certainty of completion once in the market

Highly Motivated Government Sponsor

- Committed to project and process
- Politically supported
- Project Champion
- Center of Expertise

Clearly Defined, High Priority Project

- Well defined objectives
- Large capital investment
- Appropriate advisors

Clearly Defined, Fair Process

- Advance preparation
- Realistic timetables
- Respect for process costs
- Transparent scoring



SUCCESSFUL P3

Economically Viable

- Predictable source of cash flow

Ensuring competition



How do you become attractive to the private sector? How do you share your story and attract competition?

One of the key drivers for the successful development of a P3 project is a well-defined, properly structured procurement process that encourages private sector companies to bring forward their best people and ideas.

P3Direct



Run by public sector P3 experts, P3Direct is a program implemented by AIAI for the public sector as a means to create a connection between experienced P3 professionals and those looking to gain more information on the P3 procurement model across agencies at every level.

P3Direct provides an opportunity for public officials to both engage with P3 experts and share their experiences.

The program encourages an understanding of the model, and collaboration of agencies to promote best practices and share lessons learned and success stories around P3s.

516.277.2950 | TheP3People@AIAI-Infra.org | www.aiai-infra.org



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Together, we move P3s forward.



Clackamas County Courthouse P3 Implementation Plan

November 2019 – May 2025

Barth Consultants, LLC

Understanding a P3

What it is

- Alternative project delivery approach that aligns risk with the entities best positioned to manage that risk
- Employs a project “lifecycle” approach to all aspects of the design-build-operate-maintain process
- Private equity investment ensures direct project oversight of project deliverable
- Alternative means of financing public infrastructure with deferred payment until project completion
- Efficient project delivery once the Project Agreement is executed

What it isn't

- “Free money”. P3 financing still must be repaid from identified sources
- Expeditious. P3's require significant upfront investment of time and resources to procure
- An approach that works for all public infrastructure projects

Public-Private Partnership (P3)

Questions to be Answered at the Start

Was a P3 procurement approach legal in Oregon and Clackamas County ?

Would the state
fund a P3
courthouse?

Would the P3
approach provide
the greatest "Value-
for-Money?"



Legal Analysis – Hawkins, Delafield & Wood



Legal review confirmed the P3 approach was a legal procurement



Further analysis with the state confirmed that a P3 procured courthouse would be eligible for state match funding

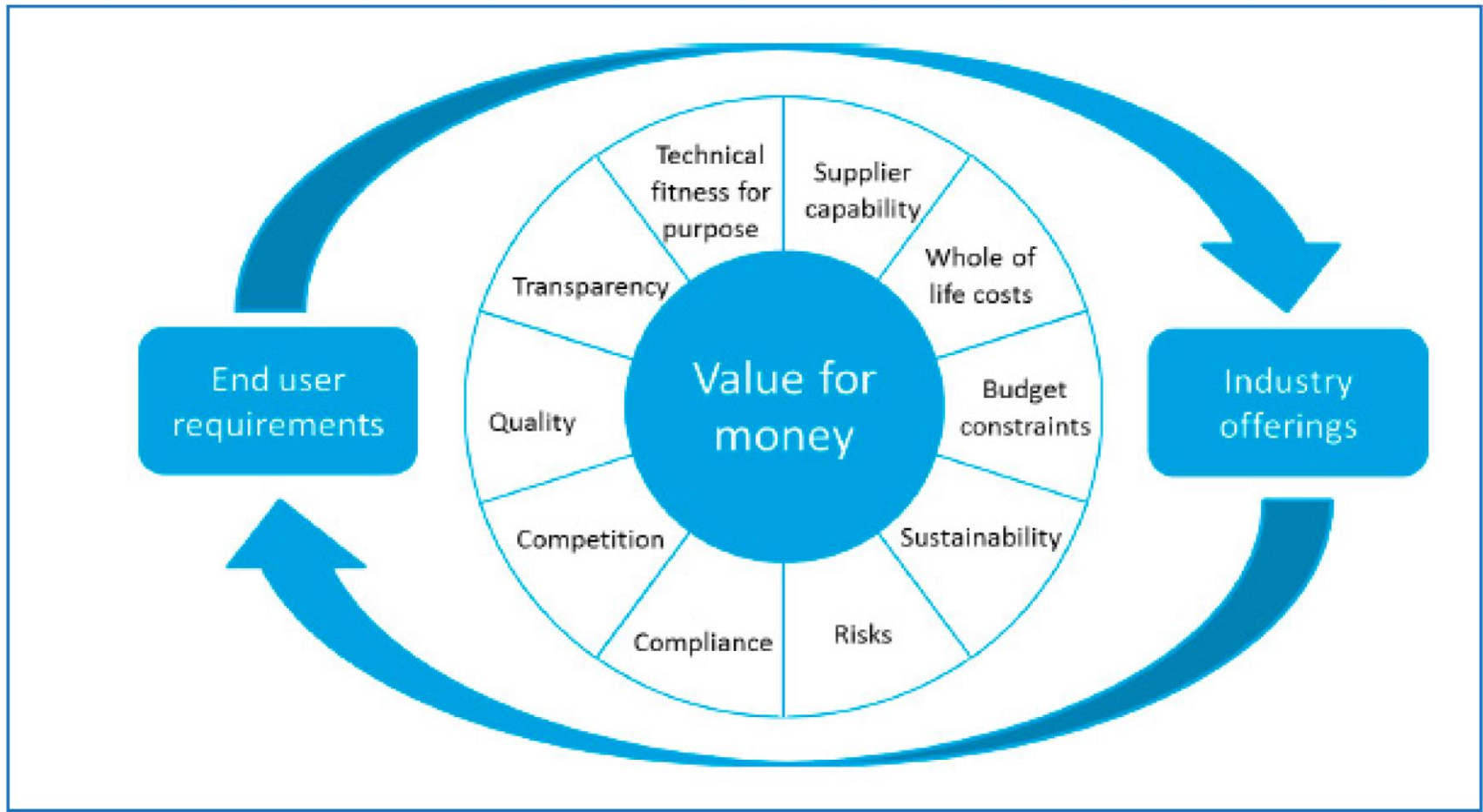
Was a P3 a Viable Delivery Method



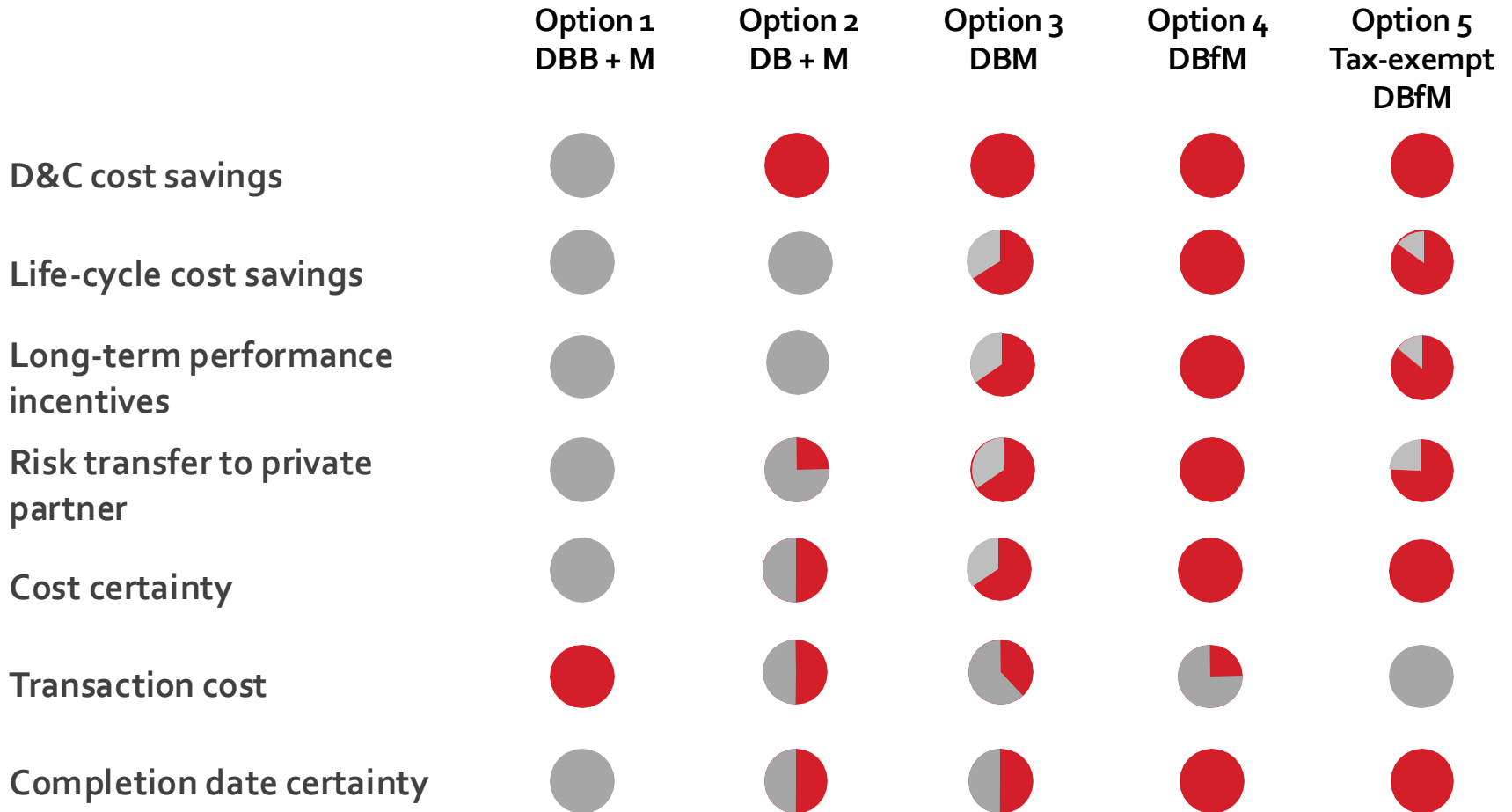
Clackamas County Courthouse Value for Money Assessment

Final Report – 1/7/2019

Value-for-Money Analysis



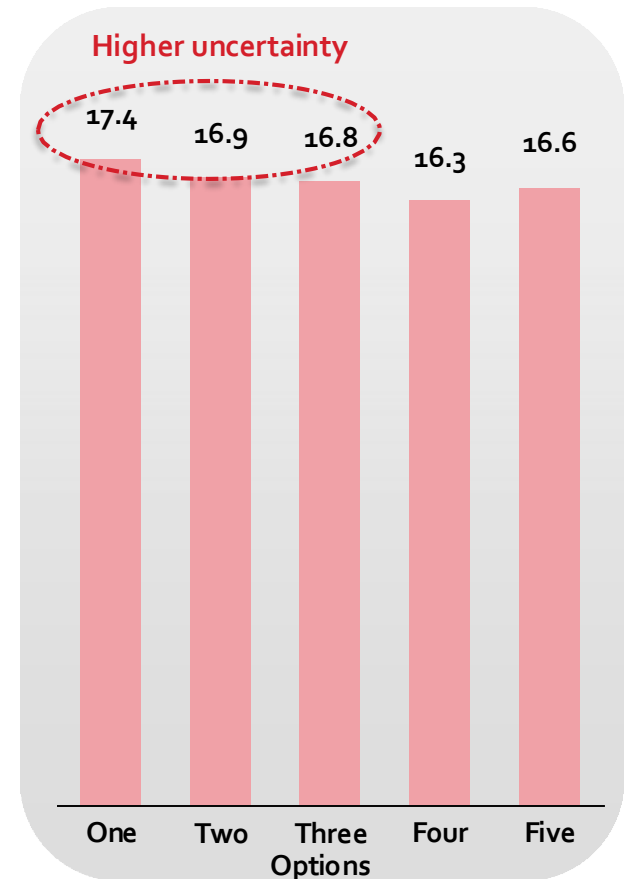
Qualitative comparison of delivery models



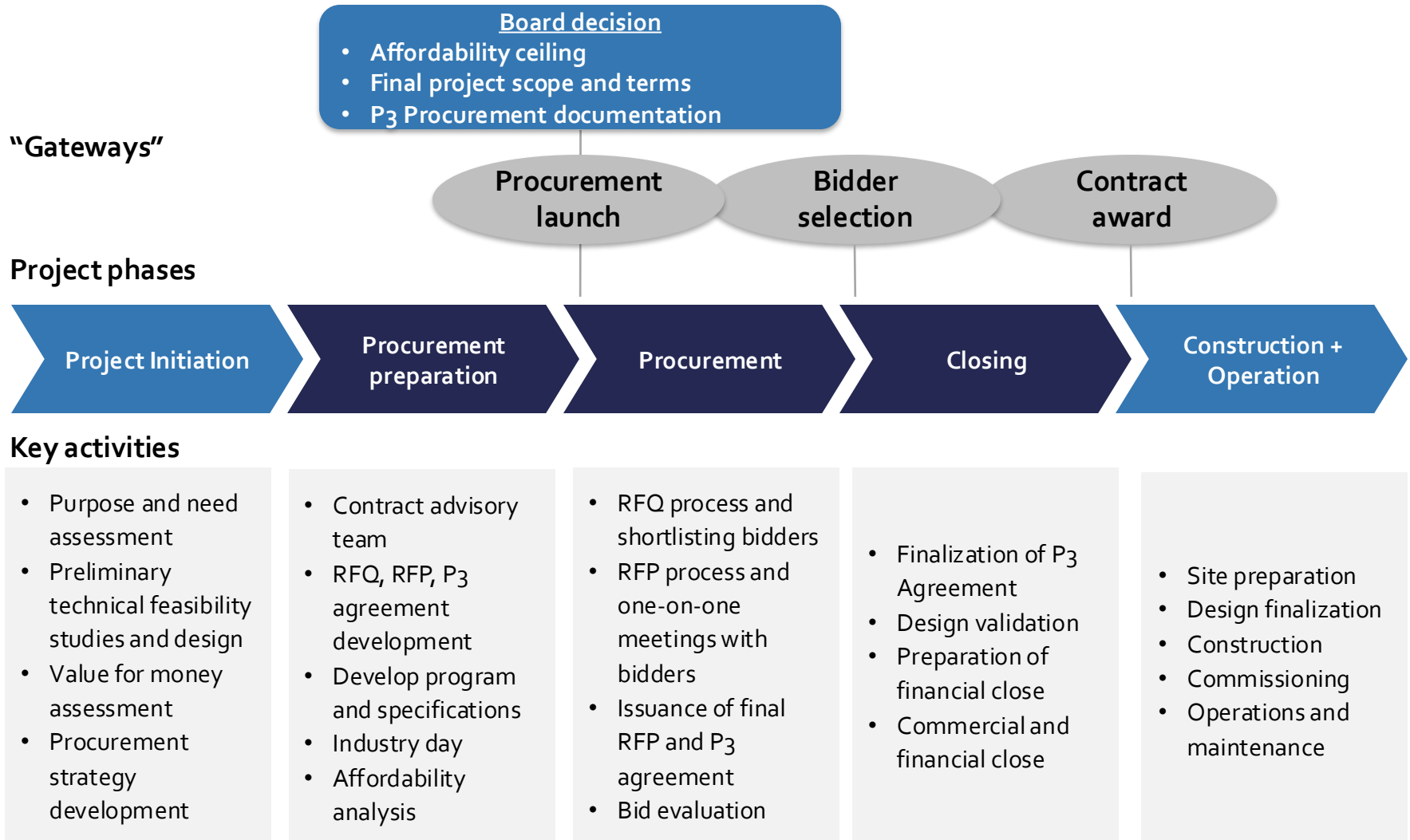
Summary of quantitative analysis

- The nominal annual risk-adjusted cost to the County in year 1 of full repayment (2030) ranges from \$16.3 to \$17.4 million, depending on the delivery model.
- The DBfM risk-adjusted costs are the lowest of all delivery models; the DBB risk-adjusted costs are the highest of all delivery models, and the most uncertain as well.
- Whereas the DBfM model results in a committed bid including financing during the procurement, the DB and the DBM model only lock in the interest rate in 2024, which leaves more uncertainty for the County.
- The tax-exempt DBfM model as envisaged by the County, involves higher uncertainty because of limited precedent.

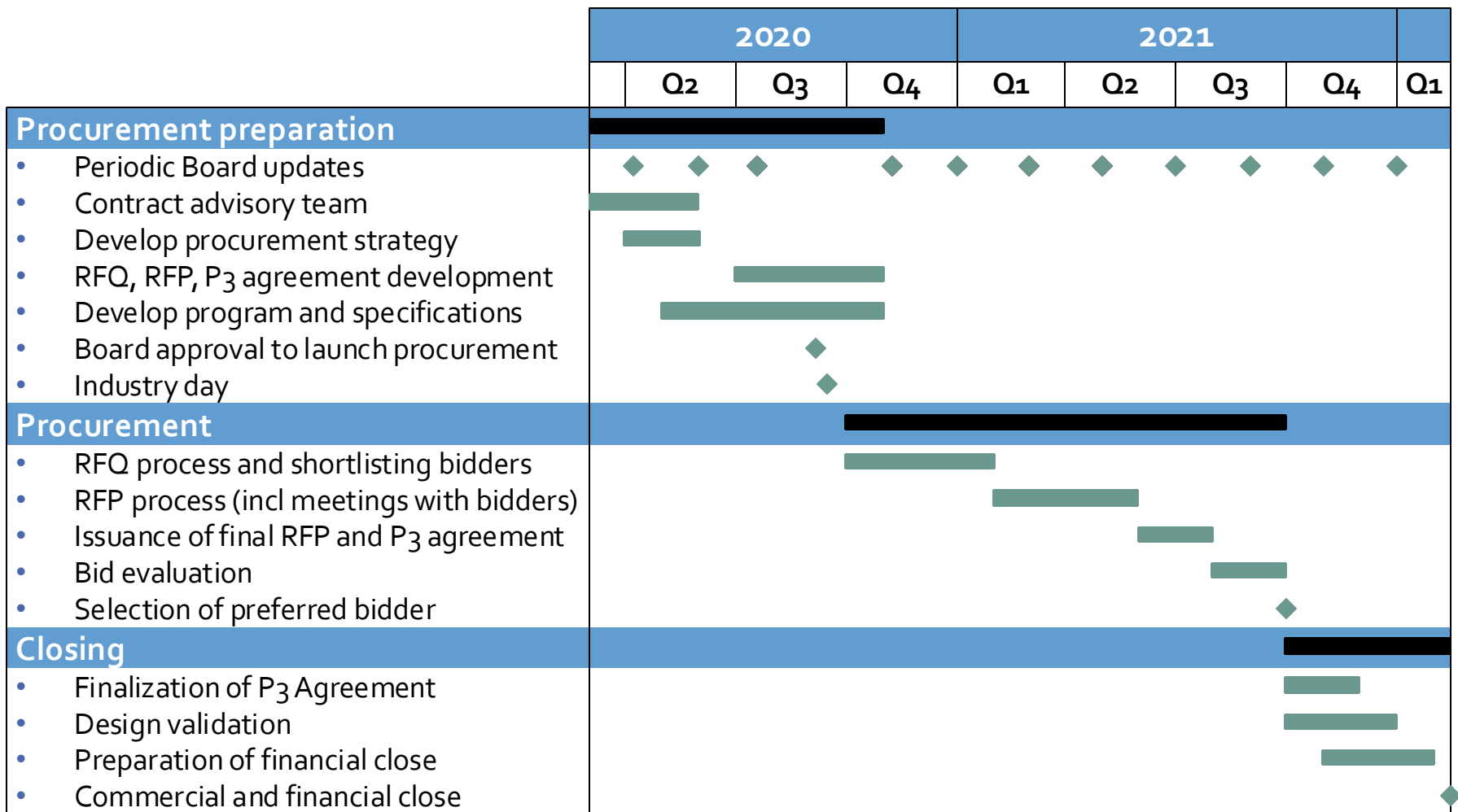
Nominal annual risk-adjusted cost to the County in year 1 of full repayment



VFM lead to Board Approval to Proceed with a DBfOM P3



Further project preparation and P3 procurement can be completed in the next 24 months



Technical Advisors – P3 Procurement



Legal Advisor

- ***Hawkins, Delafield & Wood***
 - Continued advising during the procurement phase through Commercial and Financial Close
 - Their role was to provide expertise in structuring the P3 procurement process and final Project Agreement in a clear, comprehensive and commercially reasonable manner that appropriately balances risk, fulfills a fundamental public purpose and secures an investment grade credit rating

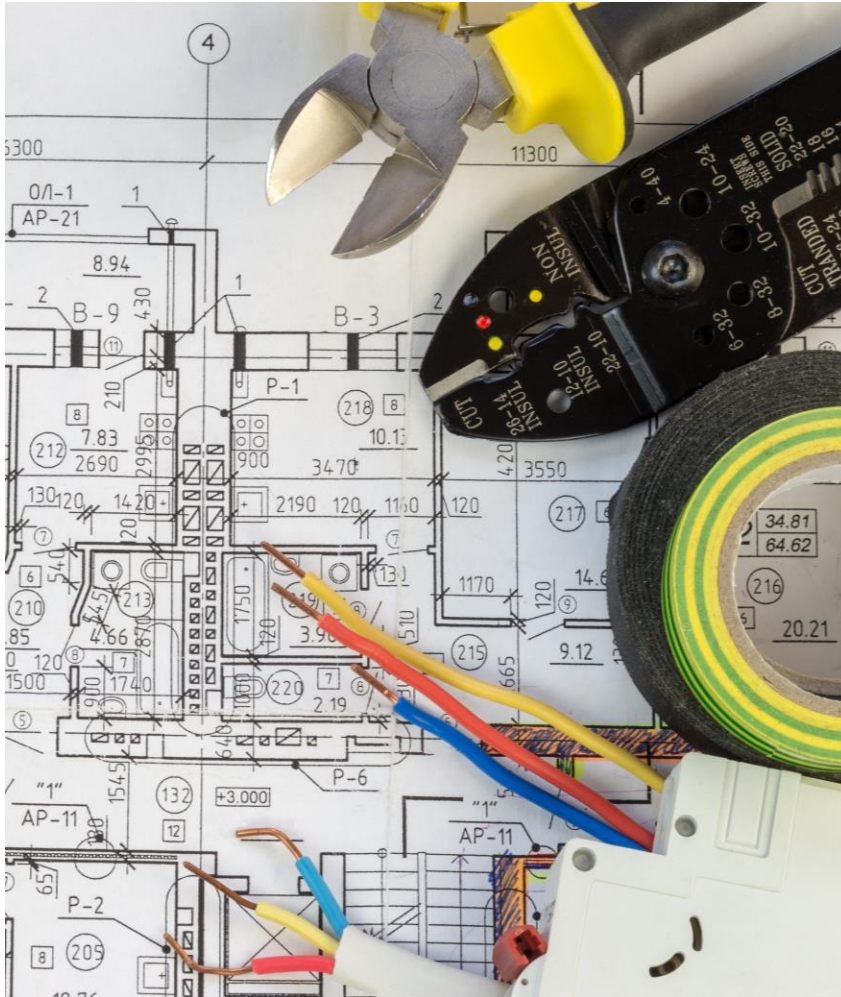
Technical Advisors – P3 Procurement



Financial & Transactional Advisor

- **Rebel**
 - Contracted 09/2020
 - Rebel was the preferred bidder in a competitive RFP process.
 - Their role was to advise the County in establishing the financial parameters of the project for the RFQ, RFP and Project Agreement

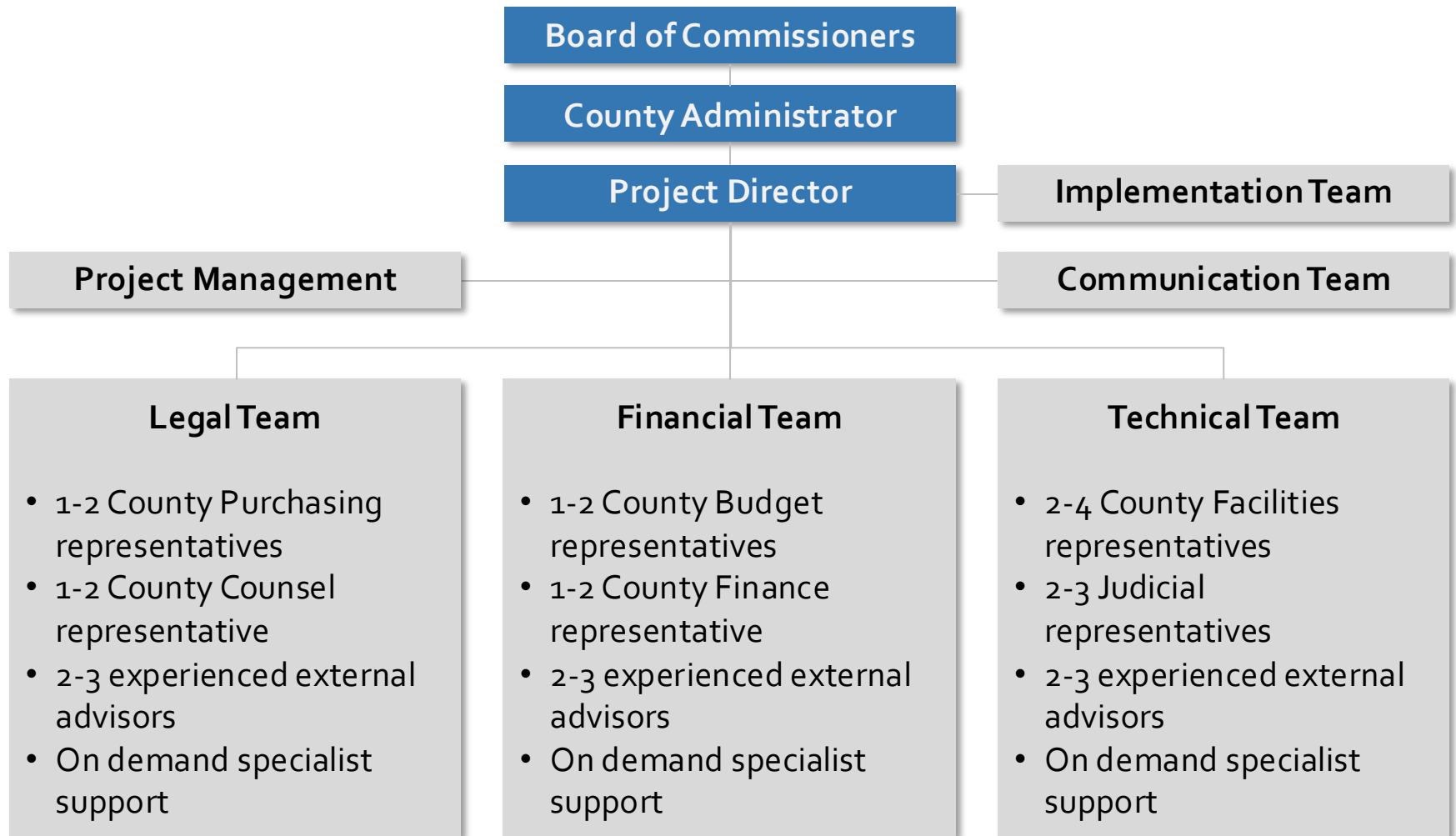
Technical Advisors P3 Procurement



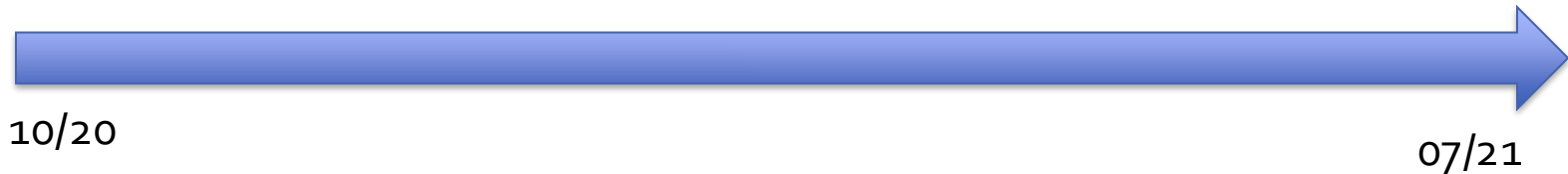
Technical Advisor

- **WT Partnership**
 - Contracted 09/2020
 - WT was the preferred bidder in a competitive RFP process.
 - Their role was to lead the county and the Oregon Judicial Department in developing the extensive and comprehensive “technical requirements” in the final Project Agreement and evaluate RFP proposals for compliance

The County's project team will be supported by experienced P3 advisors



RFQ, RFP and Project Agreement

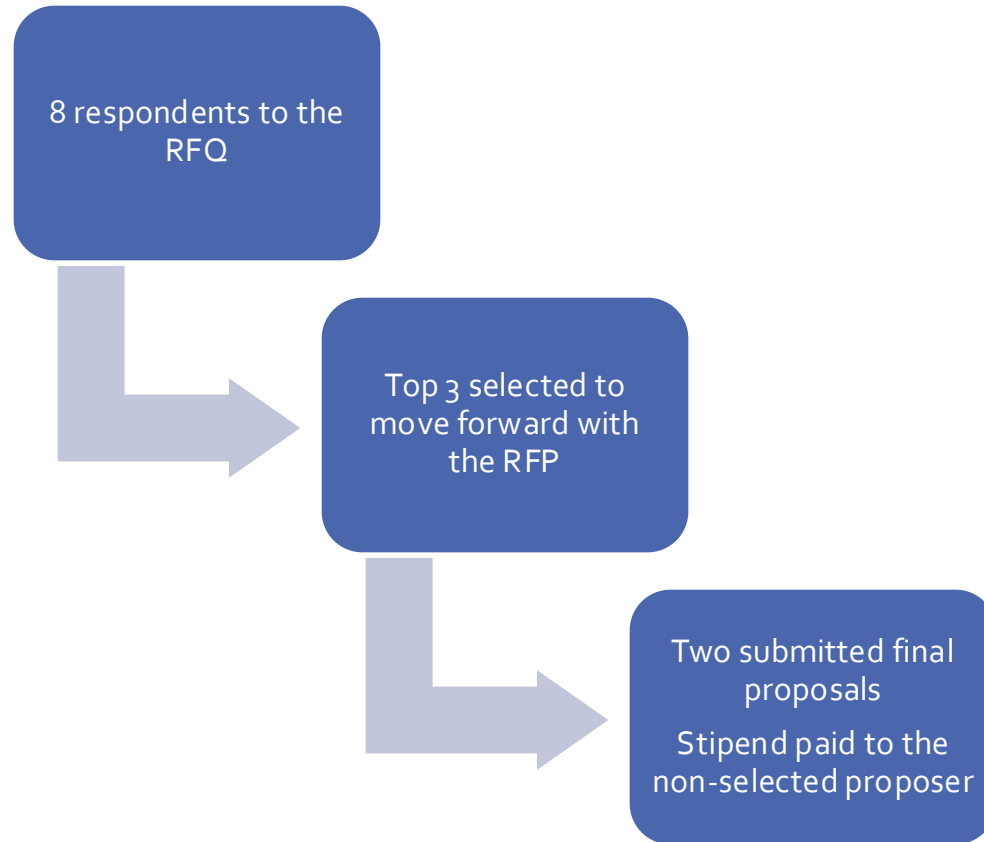


- The Project Team spent nine months developing the RFQ, RFP and draft Project Agreement
- The RFQ was launched in 07/2021 with an “Industry Day” kickoff

Robust RFQ response from Multi-Disciplinary Teams

Team Structure	Scoring	Number of teams submitting responses to the RFQ						
		1	2	4	5	6	7	8
Team Qualifications	10%							
Architectural design firm (D)	25%							
Construction firm (B)	20%							
Private equity firm(s) (f)	15%							
Facility management firm (OM)	20%							
Project Understanding	10%							
	100%							

RFP Shortlisting and Stipends



Fengate PCL Project Partners Selected as the Preferred Proposer



Design (D) – DLR Architects, Lead Architect



Build (B) – PCL Construction Services, Design-Builder



Partial Financing (f) - Fengate Capital, private debt and equity



Operations and Maintenance (OM) - Honeywell

Approved July 2022

Execution of Project Agreement and Construction

Financial and Commercial Close of the Project Agreement 09/2022 – Rebel and Hawkins played a significant role in the closing process.

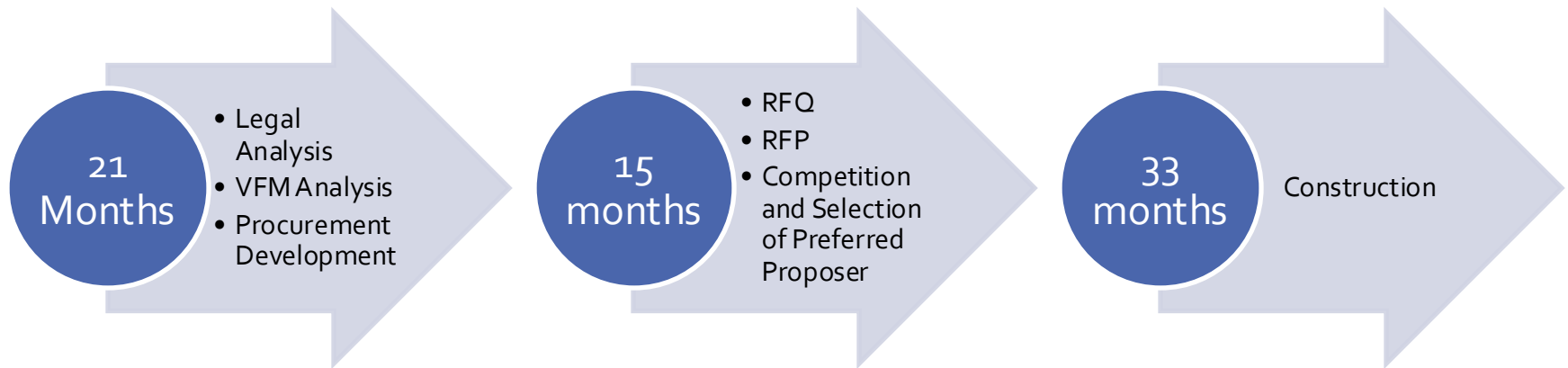
Construction began immediately upon financial and commercial close. WT Partnerships contract was amended to provide owner representative services for the county during the construction phase

Ribbon cutting for new courthouse scheduled for May 3, 2025! Honeywell will assume building management upon completion reporting to the Special Purpose Entity

On time. On budget. First payment due upon building certification and occupancy.

Initial Evaluation of P3 Approach to Ribbon Cutting

Six years and six months



Construction phase On time. On budget.

First payment due only upon building certification and occupancy.

Gary Barth
gbarth@barthconsultants.com