Session #12

PUBLIC-PRIVATE PARTNERSHIPS

Peter J. Kirsch
Partner
Kaplan Kirsch & Rockwell

Adam M. Giuliano
Partner
Kaplan Kirsch & Rockwell
Airports around the world use "P3s" to optimize how they spend money, get stuff built, and make passengers, airlines, and stakeholders happy.

So what about the statue of liberty?
WHAT YOU MAY HAVE HEARD

- Expensive, high profile projects
  - LGA, JFK, STL, SJU
- Complicated (uncertain) bid processes
  - HPN, MCI
- Fierce competition
- Extended timeframes
- Highly uncertain
  - expectations
  - closing
P3 TERMINOLOGY: A WORD OF CAUTION

- “There is no single, internationally accepted definition of Public-Private Partnership.”
  - PPP Knowledge Lab, The World Bank Group

Equivalent terminology does not necessarily equate to equivalent meaning.

P3 in 🇪🇸 ≠ P3 in 🇺🇸.

P3 ≠ 🛫P3.
Public-private partnership (P3 or PPP) most often refers to one or both of:

- An arrangement by which, services or projects that traditionally have been provided or performed by a public sponsor are instead provided by a private sector entity.
- An arrangement through which, a private sector partner will exercise relatively greater control, have relatively greater responsibility and/or make a relatively greater financial investment than would customarily be the case with respect to a particular type of contract, service, or project.
REASONS FOR CONSIDERING A P3

- Project Delivery
- Risk Allocation
- Life Cycle Costs
- Maintenance
- Financing Flexibility
- Accountability
UNDERSTANDING THE PLAYERS

Political Stakeholders
- Who’s calling the shots
- Public policy objectives
- Economic development
- Operational risk transfer
- Unlocking the value of the asset

Airport Stakeholders
- Airlines
- General aviation and corporate
- Airport management
- Passengers

Community Stakeholders
- Airport neighbors
- Non airport users
- Businesses
- Workforce
CATEGORIES OF U.S. AIRPORT P3s

- Service delivery
- Capital projects
- Privatization
THE AIRPORT P3 CONTINUUM — PART 2
NON-AERONAUTICAL PROJECTS
LONG & WINDING ROAD TO AIRPORT PRIVATIZATION

- No totally privatized in USA (but see SJU)

- Airport Privatization Pilot Program
  - Multi-factor process
  - One or two successes to date
  - Possibly increasing interest (?)
  - Now pending

  - STL
  - MCI
  - HPN
  - 2IS
THE CONTEXT MATTERS

- Airport P3s can be further differentiated by the context
  - Airside operations
  - Landside operations
  - Entire airport (i.e. privatization)
  - Regional transportation connectors (e.g. road & transit)
AIRSIDE P3s

- Service delivery projects / contracts
  - Consolidated concessions

- Capital projects
  - LGA, Paine Field (and beyond)
LANDSIDE P3s

- Service delivery contracts
  - Hotels
  - Transportation

- Capital projects
  - LAX, the DEN Great Hall (and beyond)
CONNECTORS

- Rail and other transportation links
  - PFCs and ground access projects
  - Trends in surface transportation P3s - and airport connectors
THINKING ABOUT P3

It’s not about the whole airport, it’s about the airport functions!
MARKET OPPORTUNITIES

- Support Facilities
- Airport
- Parking
- Collateral Land
- Airline Facilities
- Transit Access
- Unit Terminals
LAWYERS’ ROLE

- Understand players’ roles
- Help define objectives – *early*
- Analyze state and local legal hurdles
- Coordination with FAA
- Documentation
QUESTIONS

Adam M. Giuliano
Peter J. Kirsch
KAPLAN KIRSCH & ROCKWELL LLP