

Insourcing for P3s



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We have previously [discussed](#) how leveraging private-sector expertise and financing through a P3 can bring many benefits to the public, including faster delivery of new infrastructure, higher-quality maintenance and operations, and lower lifecycle costs. However, in order to take full advantage of the P3 model, a government must ensure that it has the right internal resources to design and manage the project. A P3 is not a substitute for poor planning, and the best P3s are the product of thoughtful and thorough preparation with the right combination of subject-matter experts. Typically, a government will [engage three types of consultants](#) to plan and execute a P3 project: a legal advisor (to navigate regulatory hurdles and negotiate the critical project documents, which require a different risk allocation than typical public construction contracts), a technical advisor (to determine the technical criteria and design requirements for the project based on the particular asset class), and a financial advisor (to help negotiate business terms and ensure that the project yields the best value to the public). Due to the unique legal, technical, and financial challenges of a P3 (which, by its nature, will include novel approaches in each category), outside expertise in each of these areas is critical to achieve success. In fact, in all of the major local P3 projects throughout the nation that have successfully moved forward (including the [UC Merced campus expansion](#), the [Los Angeles APM](#), and the [Long Beach Courthouse](#)) the local government utilized experienced P3 consultants in all three areas.

However, in addition to the right mix of outside expertise, a government also needs

its own experienced staff to help effectively launch and deliver a P3 project. Although the consultants bring the specialized expertise required to launch and deliver a P3 project, the government also needs strong internal leadership to ensure that the project meets the needs of the public. The U.S. Department of Transportation has a helpful [P3 guide](#) that discusses the different roles that should be played by outside advisors and internal staff, as well as the unique skillsets required. Staffing a P3 project with experienced internal staff also sends a strong signal to the industry that the government is serious about delivering the project, which should encourage additional competition and ultimately lower the cost to the public. Recently, Chicago Mayor Lori Lightfoot [appointed an internal Deputy Mayor of Infrastructure](#), Anne Sheahan, to help shepherd the city's upcoming infrastructure initiatives. We hope that other jurisdictions will similarly prioritize infrastructure (which is truly in a [state of crisis](#) and staff the appropriate internal and external resources to make best use of the P3 model.

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