Design-Build in a PPP – What’s so different?

William Shelor – Senior Vice President – Parsons
william.shelor@parsons.com
Here are a few key differences...

- Project Structure
- Procurement Details
- Risk “Sharing”
Project structure... Design-Bid-Build
Project structure... Design-Build
Project structure... PPP (15+ entities)

- **DB Contractor Parent**
- **Equity Investors**
- **Monoline Insurance Providers**
- **Design-Build-Entity ("DB CONTRACTOR")**
- **Direct Agreement**
- **Long Term Lender ("LENDERS")**
- **Operating Entity ("O&M CONTRACTOR")**
- **Concessionaire**
- **Construction Credit Facility**
- **O&M Contractor Parent**
- **Lenders Remedies Agreement**
- **Fixed / Floating Swap Agreements**
- **Swap Providers**
- **Public Authority**

- **Design-Build Parent Guarantee**
- **Design-Build Contract (DB Contract")**
- **Operational & Maintenance Contract ("O&M Contract")**
- **Concession Agreement**
- **O&M Parent Guarantee**
- **Interface Agreement**

[Image of a diagram with the above entities and their relationships]
Procurement details – “Lessons Learned”

- Qualification process is typically rigorous
- Procurement period is often a moving target
- Commitment is crucial to success
- Lifecycle analysis is key
- Additional guarantees required
Risk “sharing”

- Risk transfer is a key objective for owner
- Everything flows down
- Equitable risk sharing should be the goal
- Understand the risks, regardless of your role
Risks often shifted to Design-Builder in a PPP

- Environmental permits
- Conflicts/Delays from unknown conditions
- Accuracy of supplied data
- Differing site conditions
- Delays from legal action / protest
- Right of way
- Changes in law
- Liquidated damages
- Liability for maintenance
Closing

- DB within a PPP is different
- Carefully analyze opportunity and allocate resources accordingly
- Seek to thoroughly understand your risks
- Prepare for difficult business decisions
- Win!