



2026

FGFOA

Annual Conference

June 13-17, 2026

Loews Sapphire Falls Resort
at Universal

Infrastructure Investment & Public-Private Partnerships (PPPs)



Speakers



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P3 Buzzwords

“Value for Money” (VfM)

“Risk Transfer”

“Lifecycle Maintenance”

“Off Balance Sheet”



pfm



Public Finance and Public-Private Partnerships

- ◆ The definition of a public-private partnership is quite broad
 - P3s are contractual agreements formed between a public agency and a private sector entity that allow for greater private sector participation in the delivery and financing of public infrastructure
 - There are many different P3 structures, and the degree to which the private sector assumes responsibility - including financial risk - differs from one application to another
 - Additionally, different types of P3s lend themselves to the development of new facilities and others to the operation or expansion of existing assets
- ◆ ***Key is to understand the elements of project delivery alternatives and how Project Finance & P3 techniques can be utilized in various combinations***



Spectrum of P3 Possibilities



Structure	Control/Risk	Description
	Public ←————→ Private	
Public Ownership	● ←————→	Traditional revenue stream – design, construction, O&M, governance, etc. remains with government
Public Ownership / Private Management	←————●————→	-O&M contracted to private operator -Ownership retained by Municipality
Concession Lease	←————●————→	Public owns asset and maintains governance. Private entity responsible for O&M, construction and cost risk. New entity makes concession payment and then is entitled to revenue of the system for a defined timeframe (ex: 50 years)
Private Ownership (Sale)	←————→ ●	All activities controlled by private entity, including rates (may be regulated by government body)





Market Guidance

- **GASB 94: Public-Private Partnerships and Availability Payment Arrangements (June 15, 2022)**

GASB defines P3s as “an arrangement in which a government (the Transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use an infrastructure or other nonfinancial asset (the underlying P3 asset) for a period of time in an exchange or exchange-like transaction.”³

- **Credit Agencies have reconsidered their methodology for P3’s and AP’s**
 - Make it clear that P3 AP Agreements are incorporated as total adjusted debt of the contracting entity (institution)
 - What began as a Higher Education methodology has crossed over to state and local governments
- **Investors consider the P3 arrangement when deploying capital**
 - AP structures provide for some level of risk transfer, and investors are therefore at risk
 - Credit agencies also consider these levers in determining credit quality



P3 Motivations



Design / Delivery

- Private sector expertise / innovation for technically complicated development projects
- Private sector efficiency (“speed to market”)
- Potential risk transfer for on-time, on-budget delivery of capital asset

Operations

- Private sector expertise and efficiency in managing assets
- Ability to focus on “core mission”
- Potential ability to transfer asset life-cycle responsibility and risk

Finance

- Monetization of future/prospective cash flows
- Legally non-recourse financing

Governance

- Statutory limitations
- Ability to manage procurement or existing labor requirements
- Disposition on non-core assets

The ability of a government / institution to successfully structure a partnership with the private sector is subject to the ability to structure governing legal agreements that align interests and effectively transfer risk.



P3 Example

- **City of Fort Lauderdale, Prospect Lake (Water Treatment Plant Replacement)**
 - The City received unsolicited proposals and utilized the P3 statute to seek additional proposals
 - Scored and Ranked proposers, Commission approved negotiations
 - Negotiated full terms of the P3 agreement and long-term concession (D-B-O-M focused)
 - Re-engineered the proposed plan of finance, capital stack, and flow of funds.



Best Utilities Project

WINNER



City of Fort Lauderdale Water and Water Waste Treatment System Replacement Project

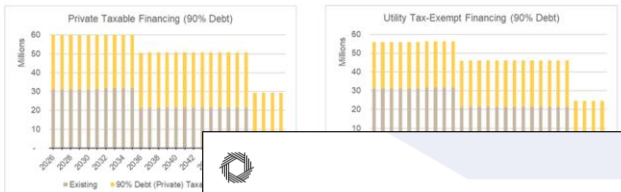
THE BOND BUYER
2023 Deal of the Year

Financing Structures (1/4)

- 90/10 Debt to Equity, Level DS
- Total Net Debt Service difference ~\$127 million
- NPV of difference ~\$70 million

Cost of Funds (Financing) Comparison

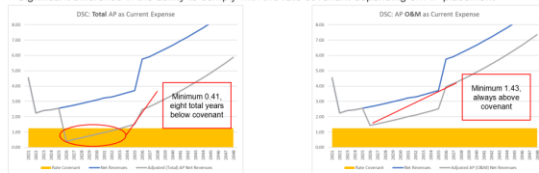
	90% Debt (Private Taxable Level)	90% Debt (Utility Tax-Exempt Level)	Difference (Private - Utility)
Par Amount Issued:	413,900,000	362,700,000	51,200,000
All-in True Interest Cost (%):	5.388%	4.195%	1.233%
Net Debt Service (30yrs):	793,465,021	666,055,850	127,409,171
NPV of Total Debt Service:	440,937,521	370,134,909	70,802,611
NPV of 1bp Change (0.01%):	480,121	309,582	170,539



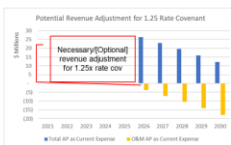
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AP Placement in the Flow of Funds is Important

- Utility System requires a 1.25x Rate Covenant (Net Revenues / Debt Service)
 - Significant difference in the ability to comply with the rate covenant depending on AP placement



- Comparing the placement of the AP payment:
 - Significant difference in the additional revenue required (user fee increase) to achieve the minimum 1.25x coverage



Comparisons to the Net Revenues in the Stantec/Jacobs 2020 Water & Sewer Biennial Engineer's Report (July 2, 2020)

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P3 Example – Flagler Banyan Square

- City / CRA Owned Property
- Creation of a mixed-use project
- Portion sale / lease
 - Attractive lease rate - \$0
 - 50-year lease
 - First right of offer
- Required
 - Full improvements and financing
 - Dictated Uses
 - Sub-lease and management responsibilities
 - Tax producing



WEST PALM BEACH
COMMUNITY REDEVELOPMENT AGENCY

P3 Example – Currie Park

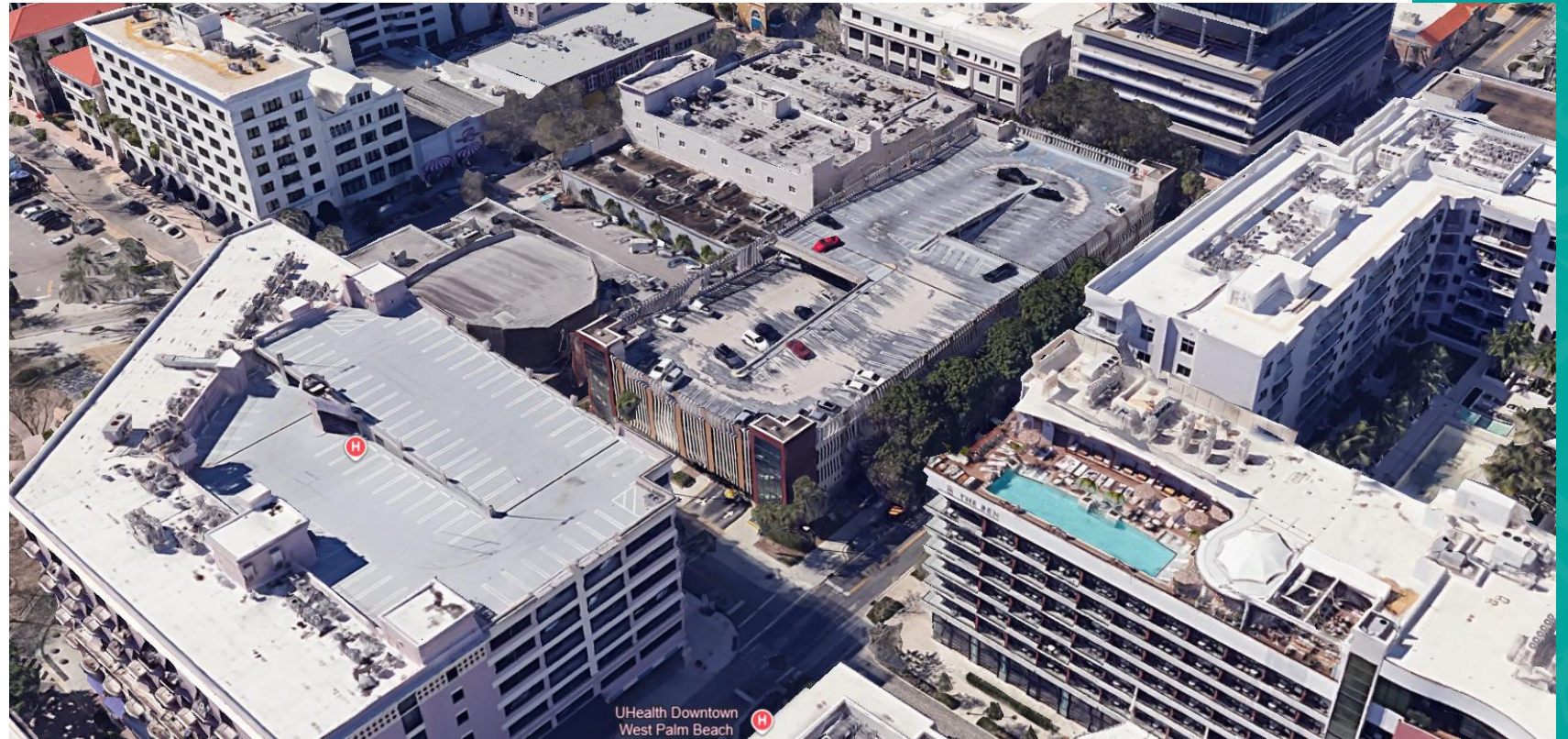


- 13-acre public park
- \$35 million improvements
 - Tax-exempt bonds
 - Grants
 - CRA Funds
- Operations
 - Challenge for compliance with tax-exempt rules
 - Restaurant in the Park
 - Independent governance board
 - Revenue generating public asset
 - Goal to make sustainable



P3 Example – Banyan Garage

- 396 Space Parking Garage
 - End of Life
 - Desire to use private funds
- Identified Uses
 - Hotel
 - Residential
- Revenue sources
 - Parking Revenues
 - Demand payments
 - Use Payments
 - Other
- Competitive Solicitation
 - Strong interest
 - Great location



How Finance Evaluates P3 Opportunities



Verify real, enforceable risk transfer



Test affordability & lifecycle assumptions



Account for GASB 94 / credit impacts



Stress-test downside scenarios & sensitivities



Evaluate long-term flexibility impacts



Confirm lifecycle benefits vs. faster delivery only



How Finance Enables Successful P3 Delivery

Transparent evaluation & early finance involvement

Align procurement to fiscal goals & risk appetite

Model alternatives to strengthen negotiation

Support departments with risk allocation

Validate value of innovation claims

Enhance leverage through internal scenario modeling



When P3s Make the Most Sense

Complex or speed-critical projects

Lifecycle O&M improves cost & reliability

Capacity gaps that private partners fill

Opportunities to monetize future revenues

Meaningful contractual risk transfer

Best fit where lifecycle integration matters

Governance & Public Purpose: The CFO Lens

Preserve	Preserve public control via governance frameworks
Use	Use KPIs & triggers to ensure accountability
Embed	Embed community/CRA outcomes in contracts
Ensure	Ensure long-term affordability & resilience
Maintain	Maintain portfolio-wide capital flexibility
Align	Align long-term commitments with public purpose