

**Item # 83<sub>(2)</sub>**  
**Project Delivery Options**

**ADDITIONAL MATERIAL**  
**Regular Meeting**  
**OCTOBER 20, 2020**

**SUBMITTED AT THE REQUEST OF**  
**COUNTY**  
**ADMINISTRATION**

**Broward County, FL**  
**Project Delivery Options**

Option	DBB	DB	DBF or DBOM	DBFOM
Description	Design-Bid-Build	Design-Build	Design-Build-Finance / Design-Build-Operate-Maintain	Design-Build-Finance-Operate-Maintain
Local Government Example	Court House	Convention Center Expansion	DBOM - Similarities to Headquarters Hotel (but not single agreement for DBOM)	Joint Governmental Center Unsolicited Proposal
National Examples	Many - standard government contracting method	Many	Travis County, TX Courthouse (DBF) Howard County, MD Courthouse (DBOM)	Miami-Dade County Courthouse Long Beach, CA Courthouse
Local Government has Direct Contractual Relationship with	1) Architect 2) Builder 3) Bondholders	1) Design-Builder 2) Bondholders	1) P3 Entity 2) Bondholders	P3 Entity
<b>Development</b>				
Estimated Timeframe to Project Completion	8 Years	7 years	5/6 Years	5/6 Years
<b>Operations/Maintenance</b>				
Direct Control by	Local Government (Direct or Contracted)	Local Government (Direct or Contracted)	Local Government (Direct or Contracted) OR P3 Entity	P3 Entity
Paid as	Actual Costs	Actual Costs	Actual Costs <b>OR</b> Service Fee/Availability Payment	Availability Payment
Performance/Availability Risk	Local Government	Local Government	Local Government OR P3 Entity	P3 Entity
Typical Cost Containment Methods	Deferred Maintenance	Deferred Maintenance	Deferred Maintenance <b>OR</b> Operational and Labor Efficiencies	Operational and Labor Efficiencies
<b>Financing</b>				
Arranged by	Local Government	Local Government	<b>DBF:</b> Construction - P3 Entity / Permanent - Local Government <b>DBOM:</b> Local Government	P3 Entity
Local Government Payments	Debt Service/Operating Costs	Debt Service/Operating Costs	<b>DBF:</b> Debt Service/Operating Costs <b>DBOM:</b> Debt Service/Availability Payment	Availability Payments consisting of Capital Charge and Facility Management Charge. Upon completion of construction, the Local Government is obligated to make Capital Charges (which typically cover debt service). Facility Management Fees are subject to adjustment based on performance.
Returns to Investor Based on	Local Government's credit	Local Government's credit	Local Government's credit (Permanent)	Risk adjusted Capital Charge
Primary Credit Risks to Investors	Local Government's credit	Local Government's credit	Local Government's credit (Permanent)	1) Design/Construction 2) Local Government's Credit
Primary Risk to Local Government	1) Design and Construction 2) Operations	1) Design/Construction 2) Operations	1) P3 Entity Performance (O&M) 2) Contractual Enforcement	1) P3 Entity Performance (O&M) 2) Contractual Enforcement
Assumed Capital Stack	Senior AA+ Rated Bonds (100%)	Senior AA+ Rated Bonds (100%)	Senior AA+ Rated Bonds (100%)	1) Senior A Rated Bonds (approximately 90%) 2) Non-rated Equity/Subordinate Debt (approximately 10%)
Tax-Status	Direct Tax-Exempt	Direct Tax-Exempt	Direct Tax-Exempt	Assumed Tax-Exempt via Conduit Issuer. Also possible to issue taxable corporate debt at higher yields.
Estimated Current Blended Borrowing Yields (not including issuance costs) <sup>(1)</sup>	2.19% <sup>(2)</sup>	2.19% <sup>(2)</sup>	2.19% <sup>(2)</sup> (not reflecting interest rate risk)	Blended 2.89% <sup>(3)</sup> (assuming tax-exempt debt)
<b>Considerations</b>				
Primary Advantages	+ Local Government Control over all aspects	+ Single point of contact throughout development & construction + Can allow dual tracking of design and building processes + Ability to realize efficiencies by coordinating design and construction	+ Single point of contact throughout applicable phase + Can allow dual tracking of design and building processes + Ability to realize efficiencies by coordinating design and construction + Incorporates life-cycle costing (DBOM) + Risk transfer to private entity	+ Single point of contact throughout project life-cycle + Can allow dual tracking of design and building processes + Ability to realize efficiencies by coordinating design and construction + Incorporates life-cycle costing + Reduction in Availability Payment if Performance Parameters not met + Risk transfer to private entity
Primary Disadvantages	- Generally Longer Timeframe - More difficult to establish clear fault for defects - Generally less ability to incorporate operating cost or life-cycle cost considerations	- Potentially less control over design - Design potentially less focused on life-cycle costs	- Requires extensive specialized procurement process - Potential Interest rate risk as permanent financing occurs after construction (DBF) - Potential construction risk (DBOM)	- Utilizes higher cost of capital - Requires extensive specialized procurement process
Typically Used For	General Construction Projects	Larger, more complicated or time-sensitive projects	Projects with complicated or unique design and/or operating characteristics	Complicated or revenue-producing projects (i.e. toll roads, privatized student housing)

<sup>(1)</sup> To illustrate current yield to investor - not to present effective County borrowing costs

<sup>(2)</sup> 20-Year "AA" MMD as of 10/6/20 plus 50 bps

<sup>(3)</sup> Blended yield of 20 Year "A" MMD as of 10/6/20 plus 75 bps for 90% of capital stack and 5.00% equity/subordinate debt for 10% of the capital stack