



District of Columbia

# **The Use of Public-Private Partnerships in the District of Columbia**

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District of Columbia

## What We Have Done

- Public-Private Partnerships are becoming an increasingly popular mechanism for many municipalities and states.
- The District has a history of successfully partnering with private entities on a variety of projects.
- Although these projects were not labeled as P3s at the time, it is clear that the District has learned valuable lessons from these endeavors.
- Some examples of successful partnerships in the District include:
  - New York Avenue Metro Station
  - Marriott Marquis – Convention Headquarters Hotel
  - Capper Carrollsburg /Capitol Quarter – TIF/PILOT for Neighborhood Redevelopment
  - Howard Theatre – Historic Renovation
  - Nationals Ballpark – Baseball Stadium
  - City Center – Long-Term Land Lease for Major Downtown Redevelopment
  - 200 Eye Street, SE – Lease/Lease-Back for Government Building Renovation
  - Bus Shelter Advertising



District of Columbia

## Current Momentum

- Policy makers in the District have become increasingly interested in P3 transactions.
  - The Council has contemplated introducing P3 legislation.
  - The Federal City Council is investigating the use of P3s in the District and has discussed the potential creation of an infrastructure bank.
- The District has many infrastructure, social infrastructure and economic development needs.
  - The District has reached its Debt Cap, which has driven interest in finding alternative financing mechanisms for District priorities and projects.
  - Various infrastructure projects have long life-cycles with high maintenance and operation costs, which can be good candidates for a P3 structure.
- Private partners can bring innovative solutions to social infrastructure challenges.
- The District is interested in cross-jurisdictional cooperation for projects that benefit the region (Maryland, Virginia, Federal Government).
  - Because of the District's unique relationship with the Federal Government, the Federal Government has jurisdiction over a number of critical District projects.



## Historic Hurdles for P3s

District of Columbia

- Mayor has no specific authority to enter into design, build, finance, operate, maintain contracts.
- Unlike in some states, the District has no centralized agency to review proposals.
- Council must approve all multi-year contracts and contracts in excess of \$1 million.
- In order not to impact the debt cap, District tax revenues cannot be pledged to debt service payments.
- Legal Constraints in the District include:
  - The District cannot guarantee the obligations of a private party.
  - The District's payments cannot be pledged to support a private partner's debt.
  - The District cannot guarantee its payments.
  - The District cannot indemnify a private party.
  - The District's annual budgets are subject to appropriations by Congress.
- As a result of these hurdles, structuring P3s in the District can be complex and time-consuming.
- However, the District is committed to entering into true partnerships that can benefit both the private and public sectors.



District of Columbia

## P3 Opportunity Areas

- The District has a number of assets that could potentially become part of a P3 arrangement, including:
  - Lottery
  - Government buildings
  - Parking meter revenue
- The District is interested in partnering with the private sector on a variety of projects, including:
  - Martin Luther King, Jr. Library
  - Streetcars
  - Economic development projects such as Hill East, St. Elizabeths, Walter Reed and McMillan
- Other large infrastructure needs could potentially be structured as P3s:
  - Southwest Eco-District
  - Union Station
- The District is also looking for innovative solutions to social infrastructure challenges including:
  - Juvenile Recidivism
  - Early childhood education



District of Columbia

## Conclusion

- We are actively pursuing a number of critical projects and we are seeking private partners with specific expertise and financial wherewithal.
- Questions?
- My contact information:

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