

Public-Private Partnerships in Puerto Rico

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Presently, there is a need to increase infrastructure investment...

Infrastructure needs:

- **Global:** **\$3 trillion per year***
- **U.S.:** **\$440 billion for the following 5yrs****
- **PR:** **\$1.2 billion per year*****

Bottleneck for economic growth:

- Congested roads
- Bridges in need of repair
- Poor or lack of transit systems
- Deteriorated schools
- Inadequate waste facilities
- Poorly managed airports

Huge costs on society:

- Lower productivity
- Reduced competitiveness
- Increased number of accidents.

Sources:

* World Economic Forum. August 2010. *Paving the Way: Maximizing the Value of Private Finance in Infrastructure*.

** American Society of Civil Engineers. 2009. *Report Card for America's Infrastructure*.

*** *Estimated infrastructure investment need in order for Puerto Rico to reach a comparable level with OECD countries.*



Puerto Rico is experiencing a financing gap...

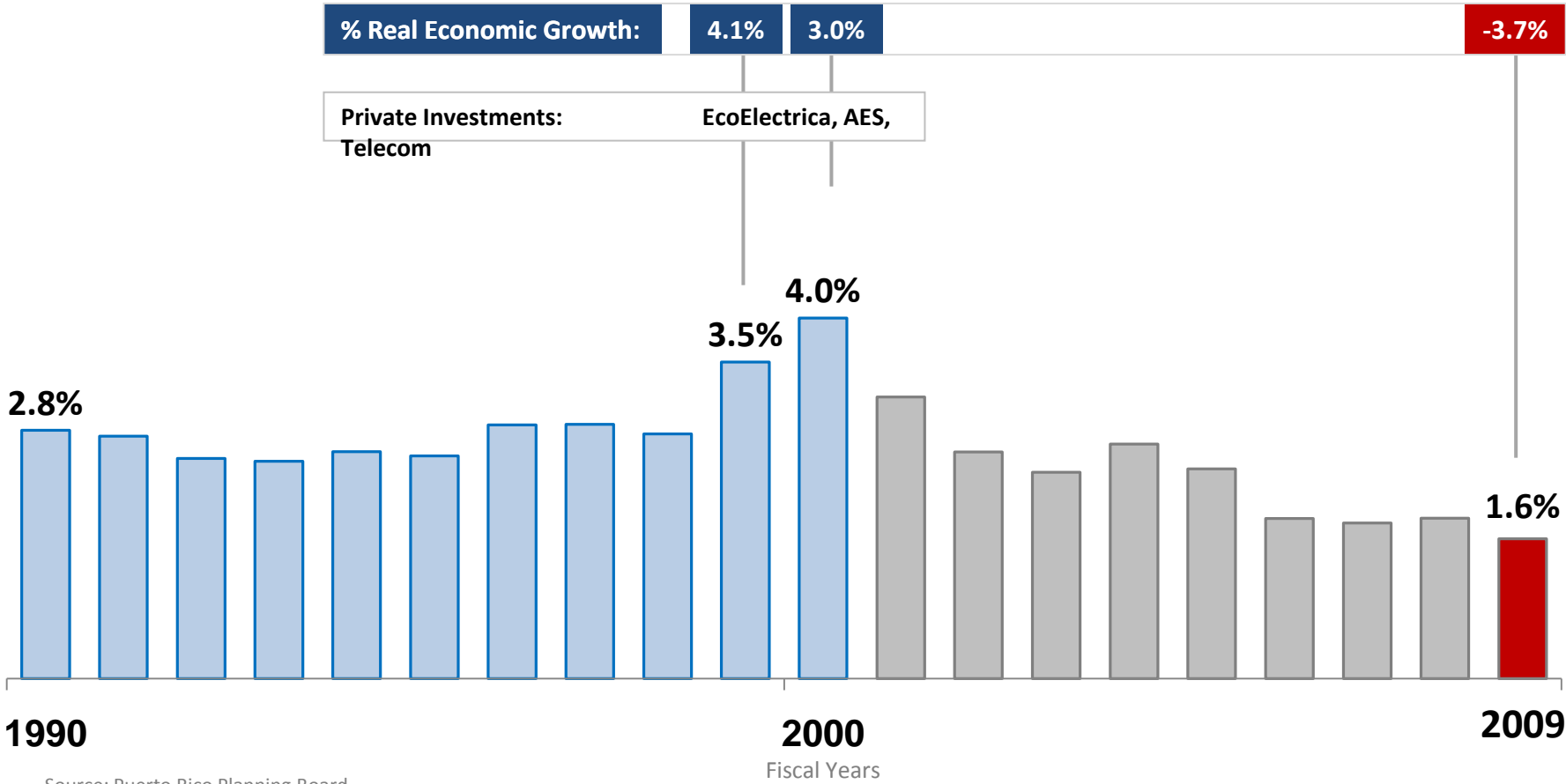
Government faces challenges in accessing funding for infrastructure:

- Competing budget priorities
- Inability to increase taxation
- Credit and debt limitations
- Fiscal imbalances
- Increasingly difficult to adequately manage infrastructure costs or risks

Track Record in Puerto Rico

Private investment was positive...

Infrastructure Investment as % Share of GDP*



Source: Puerto Rico Planning Board.

Selected Statistics from Construction Industry publication Table #1 (sum of Public and Private Installation Projects).

Positive experience with key results for economic development...



The first major greenfield in the US:

- Toll road that have facilitated mobility within the Metropolitan Area
- Finished before schedule and under budget



Entertainment facilities:

- Privately managed
- Strong maintenance and upkeep



Energy solutions:

- Only natural gas port in Puerto Rico
- Allows for non-oil energy generation and higher system efficiency



Potable water solutions:

- Improved potable water distribution
- Supported economic growth in north region

PPP Projects in Puerto Rico



PPP Schools Project

Present condition in many public schools

SU José Barreras School, Morovis



Manuel M. Monserrate School, Santa Isabel



Alejandrina Ríos School, Luguillo



Hiram Gonzalez School, Bayamón



Patria Latorre School, San Sebastián



Pablo Colon Berdecía School, Barranquitas



First Social Infrastructure PPP project in Puerto Rico

- \$750 million in investment.
- Design-Build-Maintenance delivery procurement.
- Faster delivery and savings for the Government.
- Transform 100 public schools.
- Wide support for PPP schools program.

Schools for 21st Century



PPP Toll Roads Project

Present condition in some toll roads

Pavemet Markings



Guardrails



Flooding Control



Signage



PPP concession of PR-22 and PR-5

- Improve conditions and the mobility for citizens and goods.
- Reach financial close by June-2011.
- Private sector risks: operation, management, maintenance, rehabilitation and expansion.



PPP Airport Project

Some of the existing conditions

Parking Exit Stairs



Travelers Crossing/Safety



Travelers Accommodations



A PPP for the Airport is a transformational project

- Improve PR's connection to the rest of the world.
- The full concession of the LMM airport is a major economic development measure for Puerto Rico.
- Private sector risks: operation, management, maintenance, rehabilitation and expansion.

Luis Muñoz Marín
International Airport



Concluding Remarks

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- 1** Innovative approaches to delivering infrastructure are needed.
- 2** PPPs can help bridge the gap of financing and can restore investment in infrastructure.
- 3** Puerto Rico has embarked on landmark transactions / projects that are capable of re-igniting investment.

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