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Denver Turns to P3s to Manage a Major Function.

Denver has been slow to jump on the bandwagon of public-private partnerships. Well, it used to be. The city recently embraced P3 deals in a big way.

In August, the city council gave final approval to a \$1.8 billion agreement to have private vendors, led by the Spanish company Ferrovial Airports, take over concessions and renovations at the Denver airport for 34 years. Mayor Michael Hancock told the council it was the best option on the table. "You either raise taxes, you raise costs or you enter into P3s that enable us to level off the costs and share the burden with private partners," he said.

Now the city is considering public-private partnerships to expand the convention center, renovate the performing arts center and convert the National Western Center, home of the annual livestock show, into a campus for food and agriculture research and development. "As a city, we need to ask with every project moving forward whether a P3 is a good fit," says Chris Herndon, a city council member.

Agreement on the airport deal is far from universal. The major airline carriers in Denver are worried about fee increases. Some citizens have raised concerns about losing accountability of a major public asset to private firms, with a foreign contractor in charge.

City Councilwoman Robin Kniech concedes that Ferrovial, which runs London's Heathrow and other big airports, knows a lot more about design issues than the city does. Still, she says, design work could have been contracted out, without entering into a public-private partnership. One mistake many states and localities have made in recent years is signing contracts and feeling like a problem has been taken off their hands. Good contract management remains essential when outsourcing services or programs.

In the end, though, a majority of the council concluded the deal with Ferrovial was a good move for the city. Kniech ultimately was won over by the fact that Denver is retaining ownership of the facility, with the right to renegotiate parts of the deal as circumstances evolve over time. "We avoided a mistake other cities have made," she says. "It's not like we turned over the keys and said, 'We'll see you in 30 years.'"

But Kniech and her colleagues know that while a P3 can untangle many financing hurdles, it's not a panacea. "Somewhere along the line, we've formed this notion that it's free money, or someone else's money," she says. "You're getting up-front private money, but you're always paying that back over time."

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