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New Jersey Authorizes Expanded Use of P3s.

Dive Brief:

- New Jersey Gov. Phil Murphy has signed into law a new bill that expands the use of public-private partnerships in the state to buildings and highway infrastructure projects. State and county colleges, under the Higher Education Institution Public-Private Partnerships Program, were already allowed to enter into such agreements as long as the private party provided 100% financing and the public entity retained ownership of the land.
- Projects under the new law can be wholly or partially financed by a private partner but the public entity still will have rights to certain financial and land-use controls. If the private partner seeks to lease any publicly-owned asset as part of the P3, the lease period cannot exceed 30 years if it's in exchange for financing. In addition, workers on these projects must be paid a prevailing wage, the P3 must incorporate a project labor agreement and all private participants — including contractors and subcontractors — must be registered with the state.
- The state treasurer will provide oversight and must approve all P3 agreements under the new measure. The treasurer's office will also post the status of each new P3 agreement — proposed, under review or active — on its website. Murphy said the new regulation was a bipartisan effort by lawmakers to "give state, county, and local officials the much-needed flexibility they need to improve their communities while creating good-paying new jobs — and, in most cases, good union jobs — while leveraging private capital to invest in public infrastructure."

Dive Insight:

Contractors are just one piece of a P3 construction project, which also see some combination of design, financing, maintenance and operation components as well.

While P3s can be used for most any project, there is a growing demand for transportation-related P3s, according to a report earlier this year from law firm Husch Blackwell. This is because public agency budgets are such that these entities have started to explore other ways to get their projects done. Husch said that the agencies taking on P3s are not just using the full-on version in which the private partner takes on design, build, finance, operations and maintenance duties — but various permutations of that model.

As far as opportunities in P3s, public respondents to Husch's annual survey of registrants of the annual Public-Private Partnership Conference and Expo said that they were most likely to pursue public-facility (62.5%), government-facility (57.5%) and transportation (52.5%) P3s during the next three years. Those in the private-sector responded that they would most likely pursue those projects in the transportation (69%) sector.

Construction Dive

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