

Compiled by Elizabeth Lisican



PUBLIC-PRIVATE PRINCIPLES

Public-private partnerships becoming a viable option for water delivery

In these challenging economic times, public-private partnerships (also known as “P3s”) are an effective tool to help meet public needs and maintain a high level of public control. AECOM’s Russell MacDonald shares his insights on the future of P3 investing and delivery in U.S. water and wastewater treatment with WWD Managing Editor Elizabeth Lisican.

Elizabeth Lisican: Why are public-private partnerships a wise choice for water utilities? What factors are making them more viable?

Russell MacDonald: Public-private partnerships may be a wise choice for water utilities that are looking for the best life-cycle cost scenario for their major assets such as water and wastewater treatment plants. Utilities need to take into account the real costs of owning and operating these assets as well as looking at the risks inherent in these assets. Certainty of costs and outcomes has driven the P3 delivery model in many market sectors and countries. Water utilities in North America are now starting to explore these innovative options.

Sophisticated owners of infrastructure assets around the globe are realizing that governing and managing assets is different from building, operating and owning the assets. Among the many key factors that make P3s more viable are the need for greater cost-efficiency and the ultimate responsibility to provide the best value for the customer.

Lisican: What are the biggest challenges of P3 implementation?

MacDonald: The biggest challenge of P3 implementation is centered on the value proposition. Utilities that want to deliver the best life-cycle cost for their assets will need to examine P3 as a form of project delivery. If the goal of the utility is to deliver the best life-cycle cost and maximize risk transfer, then P3 is worth serious consideration. The biggest challenge is not financing. A design-build or design-build-operate also is an option in the P3 spectrum. Again, the biggest challenge is to get utilities to look at their

assets on a life-cycle cost basis vs. a cost-of-capital basis.

The utility also needs to let its customers know it is exploring every option to provide services at the lowest possible cost and with the maximum amount of risk transfer.

Lisican: What are some additional best practices to keep in mind for a successful P3?

MacDonald: Top of the list of best practices to keep in mind for a successful P3 would be to ensure that there is a “champion” from the public side that is fully committed to the process.

Successful P3s have very good alignment of objectives between the political side of the public sector and the staff side. The incubation period for P3s is usually very long and they require a deep commitment from the public sector. The private side of the equation has to evaluate the strength of the ongoing commitment of the public sector to the P3. The cost of bidding P3s is substantial and the private sector certainly looks not only at the technical and financial merits of the P3 but, more importantly, to the commitment of individual “champions” from the public sector.

Lisican: As for the customers, rate increases remain a major concern. How can they better understand the value of water?

MacDonald: Water and wastewater treatment should always be separate from general revenue spending and borrowing. The real cost of water treatment needs education, not subsidization. In most parts of North America, water is underpriced, not overpriced. Letting a market rate prevail will drive correct behaviors for customers and the utilities that are the stewards of the water life cycle. [WWD](#)

Russell MacDonald is senior vice president, design-build/EPC/P3, global water, AECOM. MacDonald can be reached at russell.macdonald@aecom.com.

Elizabeth Lisican is managing editor of *Water & Wastes Digest*. Lisican can be reached at elisican@sgcmail.com or 847.391.1012.

For more information, write in 1113 on this issue’s reader service form on page 53.

News Briefs compiled by WWD Assistant Editor Amy McIntosh

WWMC Logs Quarter-Million Visits to U.S. Waterways in 2012



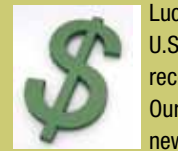
A total of 254,459 visits were made worldwide to local streams, rivers, lakes and other water bodies as part of the World Water Monitoring Challenge in 2012, according to the program’s Year in Review report.

Water Purifier Meets Military Requirements



The Seldon WaterBox 300 MIL has passed the NSF P248 Protocol, Appendix B, assuring military personnel of safe drinking water that is free of viruses, bacteria and cysts. The unit is in use by the Naval Special Warfare Group, U.S. Army Special Forces, Marine Corps and Air Force units.

Lucid Energy Receives OurCrowd Funding



Lucid Energy is the first U.S. company to receive funding from OurCrowd—Israel’s new hybrid venture capital/crowdfunding platform. The company will use the funding for a global rollout of its LucidPipe Power System, a hydroelectric system that generates renewable energy from water inside large-diameter pipelines.

Survey Identifies Obstacles, Opportunities in Water Sector



The Water and Wastewater Equipment Manufacturers Assn. presented findings from a survey of its members. Economic and permitting restrictions were seen as barriers to innovation, while respondents saw opportunities in utilizing lowest cost of ownership in the selection of technologies and employing full-cost pricing of water.

Griffin Pump Launches Social Media Sites



Griffin Pump & Equipment Inc. launched its social network, which includes Facebook, LinkedIn, Flickr, YouTube and Twitter accounts. Links to the pages can be found on the company’s website.

APWA Announces National Public Works Leadership Fellows



Two new groups of public works professionals were designated Public Works Leadership Fellows by

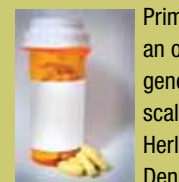
the American Public Works Assn. Donald C. Stone Center for Leadership Excellence in Public Works. Currently, there are 229 total fellows who mentor other public works professionals.

Bottling Plant Begins Pretreatment Operations



Baswood Corp. began full-scale operations of its BioViper biological pretreatment system at the Dr Pepper Snapple Group Houston bottling plant. The system delivers a pretreatment solution that lowers the biochemical oxygen demand in the facility’s effluent while supporting the company’s sustainability goals.

Hospital Implements Ozone Generator



Primozone has received an order to supply ozone generators for a full-scale pilot project at the Herlev Hospital in Denmark. The aim of the project is to remove pharmaceutical residue from hospital wastewater.

Aquatech Events to Address Water Challenges



The fourth edition of Aquatech India will be held April 8 to 10 at the India Expo Centre and Mart in Delhi.

The event also will include a three-day conference, titled “Public Water Utility in 2020.”



Aquatech China 2013 will take place June 5 to 7 at the Shanghai World Expo Exhibition &

Convention Center in Shanghai, bringing together the worlds of water technology and water management and aiming to present integrated solutions and a holistic approach to the challenges facing Asia.

Ecosphere, Dominion Water Sign LOI



Ecosphere Exploration and Mining Services LLC signed a Letter of Intent with Dominion Water LLC of Sedalia, Colo. Per the agreement, Ecosphere will deploy its Ozonix technology to mine sites in Colorado for both companies to explore mining applications of the technology.

Industry News

- Xylem Inc. has acquired MultiTrove Pty Ltd.
- Susan N. Story was named chief financial officer of American Water.
- The Passavant-Geiger Group has renamed its group of companies to Bilfinger Water Technologies. [WWD](#)

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