

Representative Scott Wiggam
Ohio House of Representatives
77 S. High Street, 13th floor
Columbus, OH 43215
District1@ohiohouse.gov

Proponent Testimony on HB-218

Chairman Scott Wiggam, and Members of the Committee, thank you for the opportunity to submit this testimony in support of House Bill 218, a piece of legislation that will enable all Ohioans to benefit from modern and well maintained social infrastructure using a P3 delivery model.

My name is Darin Early, a Managing Director with Gilbane, representing both Gilbane Development and Gilbane Building Company, which is celebrating its 146th year in business. With nearly 3,500 employees worldwide and approximately \$6 Billion in annual revenues, our firm creatively develops, builds and finances vertical real estate projects across Ohio and the country, including \$1.6B in Public Private Partnerships through 24 projects in the last decade+ alone.

Currently there are 15 states that allow for Public Private Partnerships as a means of delivering social infrastructure, the newest being New Jersey. Each of these states has or will shortly be able to realize the benefits of a streamlined P3 delivery model that enables public entities to focus on their core competency -- providing a service to the community they serve -- without the distraction of having to build and maintain real estate and worry about annual appropriations, election cycles and politics.

Undertaking a P3 usually requires a single contract, merging often separate procurement processes that can span a decade or more and cost millions. Developing a single plan to design, build, finance, operate and maintain a project transfers execution risk to a private sector, developer lead team. This creates a higher likelihood for design innovation, a lower chance for construction hiccups, and a better shot at a well-operated asset where future capital needs and lifecycle replacement requirements are decided upfront. A conventional bidding process, which utilizes many vendors at different times is traditionally low cost driven, but ultimately results in higher total project and lifecycle costs as information is handed off from one vendor to the next at each stage.

A study published by McKinsey & Co. determined that utilizing a P3 can reduce the lifecycle cost of a project by 20%¹, and a similar study by Beacon Hill Institute concluded that the savings were upward of 25%². Beacon Hill Institute also concluded that each dollar invested into a P3 will generate \$2.80 in economic activity². This is a result of the P3 delivery model's forward-looking nature, risk sharing structure and spirit of cooperation. Ultimately under a P3, the public receives a project designed, built, financed, operated and managed by the private sector, a group whose core businesses are to build, operate and maintain buildings, while the public sector can focus on its core mission of providing services to the constituents they serve. Broadening Ohio's P3 legislation for Social Infrastructure will enable our state, its economy and people to prosper.

Thank you for the opportunity to submit this testimony. I'd be happy to answer any questions on this topic the Committee may have.

¹ <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/the-rising-advantage-of-public-private-partnerships>

² <http://www.beaconhill.org/BHStudies/2017-1026-PubPrivInf/BHI%20P3%20Report%20Final10242017.pdf>