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**DISCUSSION PAPER ON THE RFP PROCESS
FOR THE DISPOSITION OF PUBLICLY-OWNED REAL ESTATE ASSETS –
WITH LITERATURE REVIEW AND ANNOTATED BIBLIOGRAPHY**

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DISCUSSION PAPER ON THE RFP PROCESS FOR THE DISPOSITION OF PUBLICLY-OWNED REAL ESTATE ASSETS

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INTRODUCTION

In recent years, governments at all levels have recognized the need to address a range of land disposition and real estate development strategies that are beyond their current capabilities for a number of reasons. This need is part of the drive by governments to shed some of their traditional roles as real property asset managers, seek greater efficiency with less resources, and engage the private sector in tasks where private enterprise has the experience and proven ability. It is also driven by the growing pressures to dispose of surplus properties and find ways to rehabilitate or reuse assets that must remain in the public domain, but for which governments have neither the resources nor the capacity to undertake this work. This paper addresses a critical part of the asset disposition process, namely, the use of the RFP (Request for Proposal)¹ to attract development partners from the private sector.

It must be acknowledged that provincial and federal governments in Canada are already advancing a number of innovative approaches to involving private sector partners in a range of projects. In the last decade these approaches have given rise to such acronyms as P3 (public private partnerships), ADS (alternative delivery systems), DB (design/build) or DBFO (design/build/finance/operate). These new approaches are primarily related to the construction of public infrastructure such as courts, hospitals, jails, highways, and bridges. These approaches depict a range of new business models that strive to bridge the traditional barriers between the public and the private sectors in addressing public infrastructure needs. In contrast to these models, this paper is primarily directed at engaging the private sector in land or building development and redevelopment opportunities on surplus government lands. These are opportunities usually motivated by an agenda to dispose of surplus properties, land and buildings, and for which governments wish to enter into partnerships with the private sector to create and capture value² and achieve public policy objectives.

Today, RFPs reflect a fundamental shift in the way that governments are now thinking, driven largely by one practical concern - the recognition that governments themselves lack the resources and experience to get the job done. This is also an ideological shift as governments are now willing to consider shedding themselves of responsibilities that were previously associated with exercising their sovereign rights. All of these approaches have one thing in common; they involve the allocation of risk between the public and the private sectors on the principle that risk should be assigned to the party best able to manage each type of risk. Risk

¹ The term RFP in this paper is intended to embrace RFQ (Requests for Qualifications), RFI (Request for Information and other similar requests, unless otherwise noted.

² Value in this case refers to social and community value in addition to financial returns.

transfer is at the heart of all of these initiatives, from the most basic to the most complex. It is the process of risk transfer that is the basis for all proposal calls to engage the private sector. If government does not assign the right risks to the right private partner and fully understand the risks that it is willing to retain, then it is increasing and not decreasing the overall risk associated with a given project. The proposal call is the essential first step to reducing the risk of failure.

This discussion paper is an attempt to articulate the issues that must be addressed in preparing a proposal call and to bring some level of understanding to how the task should be approached. The paper is not based on field work and relies upon a literature search and first-hand experience in a number of Canadian situations. Fortunately there are a number of successful proposal calls dealing with real estate development or redevelopment of surplus lands across Canada, as there are some notable failures. Both successes and failures provided valuable insights. Case studies were not undertaken since the scope of the research did not allow for site visits to corroborate information sources, opinions, and third-party comments. It would highly unfair to characterize examples as successful, or unsuccessful, in the absence of evidence.

This paper does not offer a prescription for success or describe a template to be followed. Each project will be different and differences are derived from such factors as project size, location, market conditions, political will, or available resources. Each project brings its own particular risks and methods of risk mitigation. What may work in Vancouver or Toronto may not work for Red Deer, Alberta or St. John's, Newfoundland; what works for housing may not work for commercial development; what works provincially may not work at the municipal level and visa versa. However, it is possible to provide a better understanding of the inherent risks, how to adjudicate who is best equipped to manage each risk, and the steps that should be taken leading up to a formal agreement that will prescribe roles and responsibilities.

AN OVERVIEW OF THE MARKET IN CANADA

In the short period of five years, Canada has made good progress in establishing a relatively stable and efficient market for public-private partnerships (P3) despite a geographically diverse market that is relatively small by global standards. These P3 initiatives are having a very beneficial effect on the entire RFP process since we now have over 100 projects in Canada that fit the P3 criteria, representing a capital outlay of some \$20 billion³. For example, Infrastructure Ontario (IO) over the past 18 months has released one REFP, RFQ, or RFI each month to keep pace with the Renew Ontario infrastructure program. However, very little of this activity is related to, or motivated by, the Ministry's⁴ surplus property agenda. The "spillover" of experience from the P3 process to the RFP process dealing with surplus sites has been minimal thus far in Ontario, but pressure is building to move forward with some 3,000 acres across the Greater Golden Horseshoe. Whereas, in the past these properties were usually disposed of by a simple bidding process through a real estate broker and awarded to the highest bidder, the case today is to create value, including social and economic benefits, and achieve public policy objectives. This is the challenge for RFP's today right across the country.

The scale of P3 activity has brought new players, new expertise, and new techniques to the table contribute to improvements in the procurement process at all levels. Infrastructure Ontario

³ Ernst & Young Orenda, November 2006. **Canadian P3 Survey: Issues facing the Canadian P3 Market.** P5.

⁴ Public Infrastructure and Renewal (PIR), Province of Ontario

has assembled a highly qualified team of over 180 staff to deal with their infrastructure program, and benefit from sharing experiences with other provinces such as British Columbia. The good news is that these P3 have focused attention on many of the same issues that affect traditional RFPs and offer valuable insights into the entire RFP process.

RFPs issued for P3s have typically addressed large-scale, multi-million dollar infrastructure needs at a federal or provincial level such as hospitals, courts, or jails and recreational needs at the municipal level. To date, P3s have not addressed the needs of small- to medium-sized projects, particularly at the municipal level and this is where the “hand crafted” RFP will remain the predominant form of procurement. RFPs at this level may range from the sale of surplus sites to redevelopment of existing assets. Despite a need for improved RFPs at the federal and provincial level, it is at the municipal level where the need for improvement may be the greatest; where local jurisdictions are often lacking in resources, knowledge, and expertise; where assistance is required to provide the best project outcomes; and, where governments can save themselves and bidder’s time and money.

At the level of the small- to medium-sized project, there are no standardized RFP agreements, procurement processes, and documentation. In fact, proponents at this level often desire to craft their own brand, processes and tendering documentation. Standardization, or even consistency, something that it is happening with P3s, is still largely absent among traditional RFPs. This makes it difficult to consolidate and facilitate a broader market of bidders. Each proposal call usually imposes significant costs upon potential bidders to understand local terms, conditions, processes and idiosyncrasies, not to mention the machinations of local politics and the lack of transparency to bidders outside of the jurisdiction.

RISK TRANSFER

In approaching any proposal to engage the private sector there are four risks that are not easily transferred:

1. **First and foremost is the political risk of failure.** In business, failure happens but hopefully not too often. Failure can be precipitated by factors beyond the control of the firm such as systemic risks related to the overall economy. Failure by government, for whatever reasons, carries a price that is always too high and has inevitable political consequences. Governments must retain the ability to manage political risk and it is at the level of the proposal call where this risk can best be managed and mitigated.
2. **Government will always be held responsible for delivering a required public service.** The private sector is often ill-equipped to accept this responsibility and again, this is a risk that government may have to retain and manage. Proposal calls must be clear on what the private sector is capable of doing and what it cannot do, or cannot do well. On the other hand, government can implement certain public policies through the RFP process such as setting a requirement for sustainability, or requiring a specified number of “affordable” housing units.
3. **Governments cannot transfer risks associated with aboriginal claims.** Federal and provincial governments are well aware of the consequences of proceeding with any project

that may involve aboriginal claims. Settlement of these claims is a responsibility of government and cannot be transferred to, or shared with, the private sector.

4. **Finally, governments cannot transfer environmental assessment risks.** Some of these risks may result from long-term public undertakings on a particular site, and others may arise from legislative requirements that cover everything from preserving archeological artifacts and heritage sites, to impacts on the community, and assessment of impacts on flora and fauna and groundwater sources.

The most common risks that governments can potentially assign to a private partner include:

- **Design risk** - undertake all design and development services within prescribed guidelines and existing rules and regulations including zoning and building regulations;
- **Construction risk** - construct all improvements that may or may not include infrastructure and other site improvements, on time and within budget;
- **Financial risk** - finance the project including access to sources of both equity and debt;
- **Market risk** - this may involve a sale to private purchasers or leasing to private or public tenants; and,
- **Operating risk** - responsibility for management and operating costs associated with a project over a specified time period.

It is possible to transfer the responsibility of negotiating planning approvals, but this is has its own risks, primarily political. Planning approvals at the level of zoning and subdivision are required to protect the public interest and should reflect what a government deems to be necessary to protect a community's interests. Whenever possible, it is prudent for government to retain this risk and put in place all the required planning approvals prior to issuing an RFP. A more contentious matter is the level to which the RFP prescribes design details through architectural or urban design guidelines. Proponents will argue, and often with good reason, that this level of design detail thwarts creative thinking.

PROCUREMENT MODELS

A proposal call is an approach to securing an appropriate private sector partner willing to assume the responsibility for one or more of the above risks with the understanding that both government and the private partner will be compensated accordingly. A proposal call is a procurement model and selection of this model stipulates at the outset the scope and content of the proposal call, commonly referred to as an RFP (Request for Proposals). In some circumstances a Request for Qualifications or RFQ may precede the RFP to limit the number of qualified bidders to a specified number. The two stage process - an RFQ followed by an RFP - is increasingly common where a pre-qualification step is used to limit the number of proponents to those who have the demonstrated capacity to meet the specified requirements of the project.

Beyond the sole source/negotiation model that does not involve an RFP, there are basically five procurement models from which to choose from⁵. The first two models have limited applicability to real estate projects and the last three are the more applicable. These models are ranked in order, proceeding from those that offer broad scope for negotiating and where requirements are generally described, to the tender model where price is the only consideration. A summary of all six procurement models prepared by Judy Wilson of Blakes (2004) is attached in Appendix A⁶.

1. **Request for Proposals** that involves selection of a negotiating partner. This involves a relatively brief and somewhat general description of requirements. Neither party has a contractual obligation as a result of the RFP; the negotiating partner is usually selected on the basis of experience and past projects; price is not a critical factor since price estimates are non-binding; and goodwill in the negotiations is essential. Due diligence can be protracted as well as negotiations, so expected time savings are illusive. Price is negotiated on the basis of financial modeling. This approach is used in circumstances where the government is not obligated to do competitive procurement, as is rarely the case. Therefore it is not widely used by governments.
2. **Request for Proposals with a Term Sheet attached.** This involves a somewhat lengthier RFP, but the term sheet is general. Depending on the language of the RFP there can be contractual obligations and so careful drafting is required and submissions will be more substantive. Interviews are an important part of the selection and due diligence can be a lengthy process. The RFP can be explicit that negotiations can be with more than one respondent. The definition of what is required is relatively well developed, but getting a final price is not critical. Financial modeling is required to determine final price. This model is not well suited for use by governments for real estate projects due to the complexities involved and limited experience of government in this work.
3. **Request for Proposals with Contract attached, but objections permitted.** This involves a detailed RFP in which the requirements are well developed and a complete draft contract attached is attached. The RFP does imply contractual obligations. Respondents can object to provisions of the contract but may be required to state the “value” of such changes. This model requires a significant upfront investment of time and money and usually reliance on “outside” expert advice. Careful drafting of the RFP is required since parties may have significant contractual obligations as a result of the RFP. Submissions will be substantive and due diligence is usually replaced by a pre-qualification process prior to bidding. Negotiations are minimal and may be carried on simultaneously with more than one proponent. This approach enhances the government’s ability to hold respondents to price and this model is well suited to RFPs where competitive pricing is the priority in the procurement process. This model has been successfully used by governments in a number of real estate projects.
4. **Request for Proposals with Contract attached but objections are not permitted.** This model restricts the government’s flexibility but in return it receives binding prices and conditions that represent a contractual obligation. Negotiations are almost non-existent. respondents may be required to submit a bid-bond to protect against any attempt to

⁵ Judy Wilson, Blakes, Cassels & Graydon LLP, **Procurement Law: An Update of the Legal Landscape**. December 8, 2004

⁶ Ibid

withdraw. Evaluation is subject to objective scrutiny and negotiations with more than one respondent are rare. This model is very similar to the above with the exception that the contractual obligations on both parties are firm at the outset and even the right of a Respondent to withdraw is restricted. This model is particularly appealing where it is in the interest of government to remove as much uncertainty as possible and expedite the project as quickly as possible following selection. An example would be a requirement to sign a Purchase and Sale Agreement with limited pre-approved conditions as part of the submission.

- 5. The tender model is still a very prevalent where projects are straight forward and the only evaluation factor is price.** The situation is usually that the owner only requires a competitive price. There are many similarities with the previous model with the exception that evaluation is generally based only on price. This approach is suited to conditions where the industry is well developed, there are many prospective bidders who are likely to bid, and factors other than price are excluded. This model has its limitations for real estate projects and is most commonly used for construction projects. The drawback is that the lowest bidder is usually awarded the contract, despite having misgivings about the ability to perform. However, it should be noted that evidence does indicate that there is no consistent correlation between price and quality in the bidding process⁷.

PROCUREMENT LAW

There is an established body of jurisprudence in Canada that must be taken into account in drafting an RFPs for all of these procurement models. The best known is *Ron Engineering v. Ontario (SCC, 1981)*. This particular case establishes under what conditions tender documents are contractual documents and create legal obligations on the part of the involved parties. Depending on language and terms of the Owner's tender documents, the RFP may be deemed an "offer" to enter into a contract regarding the tender process and a Bidder's submission may be deemed an "acceptance" of the tender offer, which creates a contract between Owner and Bidder (Contract "A"). The actual agreement between the Owner and the successful bidder is called Contract "B". Case law also upholds certain clauses that may avoid creating Contract "A" or permitting negotiations with more than one bidder or awarding to the second lowest bidder based on "greatest value on quality, service and price." These are matters to be resolved by legal counsel and beyond the scope of this paper.

Case law also affects the evaluation process and there is now a sufficient body of recent case law to guide any Owner away from the legal traps in evaluation. For example, jurisprudence addresses such matters as:

- An Owners' obligations of good faith and fairness to award a contract based on undisclosed criteria (*Tarmac Canada -Ont. C.A., 1999*);
- The extent to which the evaluation process must take into account all implications of a bid received (*Canadian Waste Services - Ont. S.C.J., 2001*);
- The fact that where evaluation criteria have been disclosed, the essential requirements of objective fairness and good faith do not require disclosure of the weight or number of

points to be allocated to the constituent parts of the criteria. (Elite Bailiff Services - B.C.C.A., 2003); or

- Accountability to the public trumps other interests and subject to certain exceptions (e.g. proprietary interests), the criteria and criteria scores should be accessible. (Ontario Ministry of Transportation - Ont. S.C.J., 2004)

This small sample serves to underscore the need to avoid legal traps throughout the entire RFP process from drafting the RFP documents through to the evaluation process and awarding of a contract. Again, legal council is required at the outset of any RFP process from the drafting of the document through the evaluation process.

THE CHALLENGES

Challenges to improving upon RFPs for small- to medium-scale projects exist at two levels; the first set of challenges exists at the level of the marketplace; the second are operational. Both must be addressed to affect improvements that benefit both issuers and potential bidders.

Challenges in the Marketplace

Lack of interest: One of the primary sources of failure of RFPs is lack of bidders. Too often jurisdictions are left with one or perhaps two qualified bidders, often following an extensive marketing campaign. This is a significant risk in smaller jurisdictions, although it also plagues large cities but usually for different reasons. Reasons for lack of interest on the part of bidders are varied and often complex and range from fear of bureaucratic or political interference to strong competition within the private sector that presents opportunities at far less cost and risk.

Lack of predictability: Typically RFPs are approached as “one-offs” with no real prospect that both sides of the process can build expertise that is readily transferable to subsequent work. There is seldom the prospect of a predictable “pipeline” of projects from a government agency. Markets respond to greater certainty and this includes the certainty of future work. Bidders may not be inclined to participate when the prospects for future work are remote. Situations where projects are halted after a winning bid is announced compound this problem.

Scale: There is ample evidence of the proclivity of governments to go for a single large project in lieu of breaking the project into several smaller projects that might offer smaller bidders the potential to gain experience, thus better equipping them for future proposal calls. Governments may see the one large project as more certain, easier to manage, involving more credible bidders, and being more politically attractive. What they fail to see is the potential to expand the market for bidders, attract new entrants, and build the expertise within the community. Growing the market of potential bidders as has occurred with P3 is an important consideration.

Costs: Procurement processes are becoming longer, more complex and more costly for both sides, whereas, the reverse trend is obviously a desired outcome. Fewer firms will be interested in entering a competitive bidding process when costs are high in time and money, and prospects for success are low. Ironically, from a bidder’s perspective, a desire by government to increase the number of bidders only decreases the bidder’s chances for success. A strong economy further exacerbates the situation and discourages bidders from entering a competitive

process when there are plentiful opportunities in the private markets that don't consume front-end time and money.

Transparency: Everyone agree that there is the need to maintain transparency in the procurement process to provide evidence that competitions are fair and equitable. However, real estate is an industry that is characterized by markets that are deemed to be "inefficient": information is withheld, difficult to corroborate, sourced through informal channels, and at times unreliable. Deals are often struck behind "closed doors" and disclosure is not the norm. Bidders may demand transparency in the actual bidding process, but may be less inclined to adhere to the same principles once designated the winning bid and invited to negotiate the deal. Transparency may be seen as both a benefit and a cost, depending upon who succeeds and who does not, and the stages in the procurement process. Bidders must be confident that their proprietary rights can be protected through commercial confidentiality agreements. The appointment of a "fairness advisor" is one approach to mitigating some of these problems.

Expertise: A successful RFP process depends upon having the right people, staff and consultants, with the requisite skills on both sides. This is important at the drafting and evaluation stages, as well as at the negotiating table. Unfortunately, the market for expertise is very small, and made even smaller in many circumstances by potential or real conflicts of interest among bidding teams and their consultants. Jurisdictions may be limited to available staff with limited experience and no real access to consultants; similarly, bidders may be unfamiliar with the RFP process. Consultants often find themselves conflicted by existing or previous contracts or associations.

Media: Media can have a significant impact on success and yet negative reporting seems to far outweigh the positives when it comes to RFPs. As one participant stated "Special interest groups tend to get in the press more than people who don't have a particular interest to push, so the amount of coverage has leaned towards the negative side because that is what makes stories".⁸ Media coverage can thwart a well run RFP process and limit the number of potential bidders are not accustomed to having their business dealings captured in the headlines.

Operational Challenges

Selecting the Appropriate Procurement Model: Embarking with the appropriate procurement approach is a strategic decision that significantly impacts eventual success or failure. This is a decision that must be carefully measured with respect to such factors as timing, costs, available expertise, expectations, the maturity of the market, and the risks to be allocated. The preferred procurement model must be the right "fit" when measured against all of these variables. Some jurisdictions may not be aware of available options and simply rely upon an adaptation of a procurement process that worked in some related field. Unfortunately, within many governments, procurement requirements and policies may actually impede the process and it is not unusual to have procurement personnel with limited or no understanding of the real estate industry and prevailing market conditions.

⁸ Paul Dunstan, Plenary Group. Ernst & Young Orenda, November 2006. **Canadian P3 Survey: Issues Facing the Canadian P3 Market.** P20.

Making the Process Shorter and Less Expensive: Procurement in general seen as an expensive and time consuming exercise from the perspective of bidders across Canada⁹. Some jurisdictions are making real efforts to address the problem in their RFPs, and with success. This includes engaging in dialogue with prospective bidders before projects reach the Request for Qualifications or Request for Proposal stage. Governments are also considering honoraria payments to qualified short-listed bidders and “break fees” to successful bidders when the projects do not go forward as planned. These incentives, coupled with timely processes, can be effective when private markets are very competitive and when significant design work and detailed analysis is required as part of the competitive process. Overall, governments must be cognizant of their need to diminish or defray part of the bidding costs as an incentive to attract and retain qualified bidders in the process.

Moderating the Level of Detail Required: There is the need to balance the public sectors’ desire for detail with the higher costs of multiple bidders replicating that level of detail. Endless detail makes it costly just for potential bidders to vet RFP documents and the problem is compounded by what some bidders consider being unneeded documentation or unreasonable demands for detail and pre-qualification requirements. Quite often, the level of detail that is required is not commensurate with the scale of the project and small firms who might be very capable of handling a small project are overwhelmed by the “weight” of the RFP document. Unreasonable demands for detail or what appears to be irrelevant information discourage new entrants to the processes.

Setting the Time Horizon: Is the development horizon too long in comparison to the existing market? Some projects foresee a 15-20 year phased program and request a level of detail and commitment that is not commensurate with the level of uncertainty that is imposed by the passage of time. Long time horizons also raise the issue of managing partnerships arrangements as institutional memories can be relatively shorts short. Long time horizons also complicate the measuring of success by whatever parameters are adopted.

Reimbursement of Costs: Seldom does government consider the costs of submitting a bid and, therefore, seldom do they consider paying for some of these costs. This is particularly relevant in situations where a Request for Qualifications has limited the competition to several bidders and the subsequent RFP requires substantially more costs on account of the detail and the processes that are required. Some jurisdictions are now offering honoraria at the RFP stage, usually following an RFQ, to offset some costs. Honoraria serve as tacit recognition of the burden that they are imposing on competitors by virtue of their demands. A break fee is different. This is a payment offered when government entered the process but did not follow through. Both honoraria and break fees are contentious issues and tend to reflect local market conditions.

Standardization: Standardization has been a key to the success of the P3 process throughout the country. It has now become standard practice with P3 proposal calls to include a copy of the previous RFP with changes noted. However, there is still broad agreement in the P3 community that procurements must be shorter, simpler and the documentation more standardized. Consistency implies that a more common approach is required and this is important. The same applies to RFPs for small- to medium-sized projects as the flow of RFPs increases. Bidders

⁹ Ernst & Young Orenda, November 2006. **Canadian P3 Survey: Issues Facing the Canadian P3 Market.**

should not have to re-engage lawyers each time to understand particular terms and conditions in an RFP; evaluation processes should become familiar to the market; and standardized legal agreements can speed up the resolution of outstanding issues.

Design Detail: Design requirements are one of the most debated issues in real estate related RFPs. On the one hand, jurisdictions may want a level of design detail to provide a level of confidence that their vision or expectations are being met before they sign-off. This could include a detailed level of architectural design at the early stages of a competitive process. On the other hand, bidders claim that some RFPs require a level of design information in a competition that is excessive and costly and also limits creativity and innovation since government often require standard details. This issue can only be resolved by achieving a balance between the interests of government and maintaining a competitive environment that can generate creativity and innovation.

Risk Allocation: What lies behind every RFP is risk allocation and when projects go wrong it can usually be traced back to the wrong allocation of particular risks, or the incorrect pricing of these risks. When risk is transferred, costs are incurred - those assuming the risk must be adequately compensated. Governments must understand the risks that they are transferring, and who gets paid for what. They must understand who is ultimately responsible for maintain service levels or achieving certain public policy objectives and who pays the penalties when these are not achieved. Risk allocation is ultimately not about costs and profits, but about accountability.

Evaluation Process: There is a sufficient body of case law, lessons learned from both good and bad examples across the land, and available expertise to provide sound guidance on structuring the evaluation process. Today, there are few excuses for a governments getting derailed in the evaluation process if it has committed sufficient time and resources to prepare the RFP and articulate the evaluation process.

Value versus Price: What sets governments apart from the private sector in a competitive RFP process is the matter of achieving value, of which price may or may not be a primary consideration. Value can embody social and economic benefits, community and cultural benefits, improved service delivery, historic preservation, or environmental considerations. RFPs must be explicit on the value proposition and not rely solely on dollars as an effective proxy for value. Bidders must be clear on what grounds they will be judged, and governments must remove any ambiguity as to what they value most. When value is not distinguished from price, by default the competition will likely result in who offers the highest price and this is not always the best starting point for a new partnership that will share risks, some of which are difficult to quantify.

The Default Option

There is always the temptation of defaulting to the straight pricing or auction model in light of the inherent complexities of a partnership model. The default model is often construed as having the least political risk and being the “safest” approach when it comes to possible scrutiny from the media.

LESSONS LEARNED

There have been a number of RFPs across the country for the disposal of surplus sites that appear to be successful, although the “proof is in the pudding” and the results are only now becoming evident. The RFP for The Bridges: Phase One, Calgary, Alberta, succeeded in convincing a highly skeptical development community and suspicious City Council that a well structured RFP process that had certainty, and was equitable and transparent, could satisfy all stakeholder interests. The Bridges RFP followed closely on the heels of the infamous East Village Project in downtown Calgary that was an example of what not to do with a private partner, what happens when media sense a story, and who gets blamed for what when things go wrong. The failed RFP for Regents Park: Phase One is an example of allocating the wrong risks to the private partner. Fortunately, the Toronto Community Housing Corporation acted swiftly to terminate the agreement within the due diligence period, adjusted the risk allocation, and reissued the RFP in short order. The project is now underway. The Woodward's site in Vancouver is an example of an RFP that involved a complex arrangement of risk allocation and highlighted the need for astute management throughout the process. The current RFQ for East Donlands issued by Waterfront Toronto, and soon to be followed by the RFP, will be the prototype for a whole series of RFP that will follow as Waterfront Toronto proceeds with the orderly disposition of public lands that fall under its mandate.

It is too early in the search for improvements to the RFP process for surplus land disposals to claim “best practices” or be prescriptive. However, there are some lessons learned:

1. **Spend the time up front to get it right.** Do not be tempted by political or administrative imperatives to move quickly and meet what might be considered arbitrary deadlines for release of an RFP. Time and effort saved at the front end will soon disappear at the backend when the issues reappear.
2. **Select the right business model.** A partnership is being created and understand what risks are being assigned to which partner and for what reasons. Is compensation for acquiring the respective risks reasonable? Ensure that the business model can achieve all of the objectives, particularly when price is only one factor in the evaluation criteria. Be aware of the possible need to monitor performance in the long-run.
3. **Assemble the right team.** A team includes staff, consultants and external advisors, including legal and financial, who have the experience and credibility to draft the RFP, adjudicate the results, and then sit across the table from the private sector partners during contact negotiations. Private partners usually have the advantage of entering into similar negotiations on their private projects many times over.
4. **Select the appropriate procurement model.** Be clear on the advantages and disadvantages of the chosen procurement model. Ensure that all documentation is consistent with the preferred model and that each party is prepared to meet the obligations implied by the model. For example, it would not be prudent to proceed with a model that offers a broad scope for negotiations and then discover that there is not the political will for a negotiated agreement.
5. **View the RFP, or the RFQ, as a marketing document.** The RFP is intended to attract private partners and a public agency will be judged by the documentation, the requirements, and the fairness of the processes through which it solicits potential partners. In a highly

competitive environment an RFP can be as effective in discouraging potential partners as it is in attracting a future business partner.

6. **Be respectful of your future partners.** Each RFP that is issued has the potential to grow or diminish the market for private partners. The success of the P3 model in Canada in developing a market that is national and even international should be noted. An unsuccessful bidder today may well be the successful proponent in a subsequent RFP. Respect should be cultivated as a mutual benefit.
7. **Have an exit strategy on stand-by.** This is only prudent in terms of risk management. Be prepared to terminate a process if challenges are mounting, then regroup, and start again. It is better to deal with situations at the beginning when ramifications can be managed, than well into the project when ramifications become highly politicized.
8. **Finally, strive to maintain exemplary standards of ethical and moral conduct.** This is self-explanatory.

GOING FORWARD

As an infrastructure delivery technique, P3 has matured in a relatively short time in Canada and is now a viable option for most large-scale public infrastructure programs. The P3 in Canada has attracted broad interest from national and international bidders, expertise is expanding, and there is a real effort across the country to establish a stable and predictable P3 environment. Efforts are underway to standardize documentation and processes and provinces are working together to achieve consistency. The P3 experience is in marked contrast to what one finds with RFPs dealing with the development or redevelopment of surplus public sites. There is not yet sufficient evidence that improvements in the RFP process for these projects are taking hold. Yet pressure to act is mounting as governments find themselves with large portfolios of surplus assets eligible for disposition and little evidence of progress. With the increasing involvement of public-private business models that involve risk sharing, it is essential that RFPs issued by various jurisdictions consistently succeed for a variety of real estate projects. There is now an opportunity to engage in a continuing dialogue to improve the use of RFPs for the disposition of publicly-owned owned real estate assets and hopefully the above can serve as an adequate framework to initiate and maintain this dialogue.

APPENDIX A:

PROCUREMENT MODELS

Judy Wilson, Blakes, Cassels & Graydon LLP, Procurement Law: An Update of the Legal Landscape, December 8, 2004

1. Sole Source-Negotiation					
General Characteristics	Contract A (Flexibility)	Price	Negotiation/Due Diligence	Compliance/ Disqualification	Circumstances
<p>No RFP is issued</p> <p>A pre-qualification process sometimes precedes the sole-source negotiation</p> <p>Often other business synergies will drive the sole-source decision</p> <p>Sometimes a detailed presentation of customer's requirements starts in the process</p> <p>Often an unsolicited proposal from service provider starts the process.</p>	<p>Does not come into existence</p> <p>Maximum flexibility</p> <p>Some loss of leverage</p>	<p>Negotiated</p> <p>Financial modeling critical</p> <p>Customer must have excellent "stand-alone" knowledge of the financial information with respect to the work/services to be produced</p>	<p>Usually a non-binding process of negotiation occurs</p> <p>Typically results in a letter of intent or an MOU and terms and conditions are finalized in the agreement</p> <p>Typically protracted due diligence coincident or just before negotiations</p>	<p>Not applicable</p>	<p>Customer has long standing relationship with service provider</p> <p>Customer seeks short preparation time</p> <p>Work/services that is been procured has not been well-defined (i.e. at the "idea" stage)</p> <p>Immediate action by customer required</p> <p>Customer has strong negotiation capabilities</p> <p>Customer needs expertise of service provider to frame the services/work.</p>

2. Request for Proposals (Choosing a Negotiation Partner)

General Characteristics	Contract A (Flexibility)	Price	Negotiation/Due Diligence	Compliance/ Disqualification	Circumstances
<p>RFP is short and general</p> <p>Negotiating partner usually chosen based on experience and past projects</p> <p>Negotiating partner(s) can be chosen through a pre-qualification process instead of an RFP process</p> <p>More than one negotiating partner may be selected</p> <p>Interviews play important role in selection of negotiating partner</p>	<p>Does not come into existence</p> <p>Maximum flexibility</p> <p>Some loss of leverage</p>	<p>Price is not usually a critical basis of selection</p> <p>If prices are given by a prospective service provider, they are only indicative and highly likely to change</p> <p>Emphasis on financial modeling to establish price</p>	<p>Extensive negotiations</p> <p>Often in two stages (Memorandum of Understanding, Term Sheet followed by agreement)</p> <p>Typically protracted due diligence coincident or just before negotiations</p>	<p>Submissions may be withdrawn by respondents</p> <p>No compliance or disqualification issues(if the RFP documents are properly drafted)</p>	<p>Customer has little or no experience with the services or work being procured</p> <p>The definition of the services or work is only developed generally</p> <p>Getting competitive/binding prices in the RFP process is not critical</p> <p>No obligation for competitive procurement</p> <p>Appearance of immediate action by customer is required</p> <p>Customer has market strength to exert in negotiations</p>

3. Request for Proposals (Term Sheet Attached)

General Characteristics	Contract A (Flexibility)	Price	Negotiation/Due Diligence	Compliance/Disqualification	Circumstances
<p>Submissions are much more substantive</p> <p>RFP medium length</p> <p>Interviews play important role in evaluating process</p>	<p>Contract A <u>may</u> come into existence depending on the language of the RFP</p> <p>Medium flexibility</p> <p>Level of flexibility is highly dependent on the drafting of the RFP documents</p>	<p>The prices submitted by prospective services providers are only indicative and subject to change</p> <p>Significant reliance on financial modeling to determine final price</p>	<p>Negotiations with more than one more respondent possible if explicitly set out in RFP</p> <p>Customer's due diligence occurs partly during the preparation stage, but continues during the negotiation stage</p> <p>Due diligence exercise often protracted</p>	<p>Right of Respondent to withdraw submission dependent on whether "Contract A" comes into existence</p> <p>As a practical matter, a respondent cannot be forced to sign a final agreement based on a submission to a Team Sheet only</p>	<p>Customer has some experience in procuring similar services/work in the past</p> <p>The definition of the services/work is relatively well developed</p> <p>The services/work are well defined</p> <p>Getting a final price in the RFP process is not a critical issue</p> <p>Customer has decided to engage in flexible competitive procurement</p> <p>Customer wants/needs to leverage its position as a customer by calling for proposals based on its terms</p>

4. Request for Proposals (Agreement Attached-Objections Permitted)

General Characteristics	Contract A(Flexibility)	Price	Negotiations/Due Diligence	Compliance/ Disqualifications	Circumstances
<p>RFP detailed, with a completed draft agreement attached</p> <p>Careful drafting of the RFP is critical</p> <p>Respondents are permitted to object to provision in the draft agreement</p> <p>Preparation time by the customer is significant, much more development effort is invested prior to taking the proposed transaction to the market</p> <p>Evaluation is usually based on price and quality</p> <p>Customer has an implied obligation to be "fair" in selection process</p>	<p>Contract A usually comes into existence (depending on language of RFP)</p> <p>Minimum flexibility</p> <p>Flexibility can be increased by careful RFP drafting</p>	<p>Usually binding but may have some flexibility with respect to those matters that are subject to an "objection"</p> <p>Only those prices subject to objection are permitted to change</p> <p>Respondents ability to change price minimized</p> <p>Customer's ability to hold respondent to price is enhanced</p>	<p>Extent of negotiations minimized</p> <p>Negotiations with more than one respondent uncommon, though possible</p> <p>Customer has limited negotiating flexibility</p>	<p>Submissions cannot be withdrawn by Respondents</p> <p>Disqualifications issues arise</p> <p>Notwithstanding that objections are permitted, compliance issues will arise</p>	<p>The definition of services/work is very well-developed</p> <p>Getting a final and binding price is critical for customer</p> <p>Customer has decided to engage in competitive procurement</p> <p>Customer has strong corporate governance obligations</p> <p>Customer is a government or quasi-government entity</p> <p>Customer either has experience procuring similar work/services in the past or is strongly supported by an expert team</p> <p>Customer wishes to solicit a limited amount of feedback from the marketplace with respect to contractual terms and conditions</p> <p>The work/services being procured are well-defined</p> <p>There is a historical track record of procuring the services in the market or customer has procured the same services before</p> <p>Customer wants/needs to leverage its position as a customer by calling for proposals based on its terms</p> <p>Customer must have a binding price to go forward</p> <p>Competitive pricing is customer priority</p>

5. Request for Proposal (Agreement attached –Objections Not Permitted)

General Characteristics	Contract A (Flexibility)	Price	Negotiations/Due Diligence	Compliance/ Disqualification	Circumstances
<p>RFP is detailed with a completed draft agreement attached</p> <p>Evaluation is usually based on mix of price and quality</p> <p>Evaluation likely to be subject to objective scrutiny</p> <p>Customer has implied to be “fair” in evaluation and selection process</p>	<p>Contract A come into existence</p> <p>No flexibility</p>	<p>The prices submitted by respondents are binding</p> <p>Competitive pricing is customer’s priority in the process</p>	<p>Negotiations are intended to be limited to the agreement “objections”</p> <p>Negotiations with more than one respondent are rare</p> <p>Negotiations can be a breach of customer’s contract A with the rest of the respondents</p> <p>Customer’s due diligence takes place during the RFP document preparation stage</p> <p>Service provider’s due diligence take place during the competitive process</p>	<p>Objections to the provisions of agreement are not permitted and will result in disqualification</p>	<p>The definition of services/work is very well-developed</p> <p>Getting a final and binding price is critical for customer</p> <p>Customer has decided to engage in competitive procurement</p> <p>Customer has strong corporate governance obligations</p> <p>Customer is a government or quasi-government entity</p> <p>Customer either has experience procuring similar services/work in the past or is strongly supported by an expert team</p> <p>Customer does not wish to solicit feedback from the marketplace</p> <p>The services/work being procured are well-defined</p> <p>Customer may be highly-regulated (i.e., service requirements and performance standards are regulated)</p> <p>There is a historical track record of procuring the services/work in the market or customer has procured the same services/work before</p> <p>Customer wants/needs to leverage it’s position as a customer by calling for proposals based on its terms and the customer is so prominent in the marketplace it can do so</p> <p>Customer has limited negotiating power</p> <p>Competitive pricing is the customer’s priority</p>

6. Tender

General Characteristics	Contract A (Flexibility)	Price	Negotiations	Compliance/ Disqualification	Circumstances
<p>Tender documents are detailed with completed draft agreement attached</p> <p>Evaluations generally based on price only</p> <p>Evaluation process likely to be subject to significant objective scrutiny</p> <p>Customer has implied obligation to be “fair” in its evaluation and selection process</p>	<p>Contract A comes into existence</p> <p>No flexibility</p>	<p>Prices given are binding</p> <p>Customer must have a binding price to go forward</p>	<p>Negotiations are almost non-existent and can be a breach of the customer’s “Contract A” with the remaining bidders</p> <p>Negotiations with more than one bidder are rare</p>	<p>Bidders are not permitted to object to provisions in the agreement and will be disqualified from the process if they do so</p>	<p>The definition of services/work is very well developed</p> <p>Industry is well-developed and many prospective bidders are capable of carrying out the task</p> <p>Getting a final and binding price is the only real issue for the customer</p> <p>Customer has strong corporate governance obligations to engage in competitive procurement exercise</p> <p>Customer is government or quasi-government entity</p> <p>Customer either has experience procuring the work/service or is strongly supported by an expert team</p> <p>Customer does not wish to solicit feedback from the marketplace</p> <p>The work/services being procured are well defined</p> <p>There is a historical track-record of procuring the work/services in the market or the customer has procured the same work/services before</p> <p>Customer wants/needs to leverage its position as a customer by calling for proposals based on its terms and the customer is so prominent in the marketplace it can do so</p> <p>Customer has limited negotiation power</p> <p>Competitive pricing is the customer’s priority</p>



Literature Review and Annotated Bibliography for Public Development

Prepared by James McKellar, David Gordon, and Sanjay Regmi
October 2007

This working paper is a preliminary product of research on requests for proposals (RFPs) for development of public lands commissioned by the National Executive Forum on Public Property. It includes a brief literature review on public development and an annotated bibliography of sources. The literature review included books, academic and professional articles on public-private development and Forum presentations/case studies from 2002-06. An extensive array of magazines and journals were queried using electronic search engines, and other items were obtained from the references of related books. The most promising items were assembled into the annotated bibliography attached below.

Most of the academic journal and *Urban Land* articles may be purchased and downloaded directly from the journal home pages on the internet. The Forum office may have copies of other items if members require assistance in finding them.

Literature Overview

What does the academic and professional literature tell us about best practices for public-private development?

Surprisingly little, since management of public-private development is currently a craft practiced by skilled professionals rather than on exact science. Management of public property has many similar issues across jurisdictions, but there is little research in the field. Kaganova and McKellar (2006) provide a valuable overview of international experiences, but note that there are few common management techniques. For public-private development, a recent literature review by Sagalyn (2007) indicates that while there is a large number of descriptive case studies and articles, there are no normative theories, or even general principles of good PPD practice. There is much debate about the politics and financial subsidies for PPD projects, but little examination of risk-sharing or common implementation problems

Some of the PPD literature is focused upon individual product types such as:

- Downtown retail (Leinberger 2005; Kotin & Peiser 1997; Sawicki 1992; 1989; Frieden & Sagalyn 1989),
- Office (Fainstein 2001; Sagalyn 2001; Algatt & Lenny 1985),
- Housing (Goodno 2004; Sawicki 1992; Dramov 1985),
- Waterfronts (ULI 2004; Millspaugh 2003; Basset et al. 2002; Gordon 1997a, Brodie 1995),
- Transit-oriented development (Dunphy, Cervero, et al., 2005; Dittmar & Ohlin 2004; Cervero, Hall & Landis 1992).

Some comparative literature draws lessons from overseas for North American PPD. Kaganova and McKellar (2006) provide an international overview of public property management. Ball, Ny & Maginn (2003), Guy et al. (2002); Gordon (2002) and Fainstein (2001) examine British cases, while Nelson (2001) and Savitch (1988) compare Paris and London. Some thoughtful analysis on PPD has recently emerged from the Netherlands (Koppenjan & van Ham 2005; Van Ham & Koppenjan 2003; Nijkamp et al. 2002; Kohnstamm 1993)¹ and Hong Kong (Adams & Hastings 2001).

The process of PPD is described in general terms in several handbooks (Asner 2000; ICMA 1989; Dowall et al. 1987; Moore 1983) and articles (Corrigan et al. 2005; Sagalyn 1997; Wetmore 1995;1991; Basile 1992; Dowall 1990; 1987; Levitt & Kirlin 1985; Portnoy & Perkins 1985; Dale-Johnson & Rodriguez 1984). Long term implementation of large-scale public private developments often involves getting politics, financial strategy and urban design right over a period of several decades, while the start-up phase tends to fail due to problems in the first two factors (Gordon 2004). The political management of P3s is widely discussed (Altshuler & Luberoff 2003; Fainstein 2001; Hastings 1999; 1996; Gordon 1997c; Leo & Fenton 1990; Fox 1985), but detailed financial analyses of PPDs are relatively rare (Sagalyn 2001; 1992; 1990; 1989; Gordon 1997b; Nunn 1991a; 1991b). Finally, good normative studies of urban design for PPD can be found in Lang (2005) and Krieger (2004).

As a result of her review of PPD literature, which is perhaps the most comprehensive to date, Sagalyn suggests that there are three key success factors for the most successful public private projects:

1. Partners are co-operative, rather than adversarial, because their interests align,
2. Formal contracts set the terms under which they share risk and responsibility and,
3. Custom-tailored business arrangements often persist after construction is complete and the project is operating. (Sagalyn 2007: 8)

The RFP is a document that solicits partners and sets the stage for agreements that might produce these attributes.

Our review identified a limited literature that focused upon requests for proposals. A specialized legal newsletter, *The Legal Edge*, (NECI 1994+) specializes in RFPs, tenders and contract management. Recent trends in case law, discussed below, have made careful legal review of RFP documents more important than ever.

The monograph *Land Development Proposal Calls for Public Agencies* (Coombes Kirkland Berridge 1984) was prepared by an urban design and planning firm with a North American practice. It summarized the techniques used from the first generation of proposal class of North American projects in the era that followed urban renewal.

John Stainback's (2000) *Public-Private Finance and Development* is perhaps the most useful of the publications that focus on RFPs. Stainback drew on his experience as a real estate consultant to outline the steps needed to take a project from visioning through to completion. He provides a set of six types of RFPs, listed below in order of increasing complexity and time to market:

1. Sole-Source Developer method – fast, but rarely used by public agencies unless there is an existing master developer in place and no other qualified candidates. It usually results in media/political backlash.
2. Single-Stage Request for Proposals – finance, design and development considered in one step. This takes 4-7 months to complete.

3. Pre-qualify Developer/RFP – A consultant helps pre-qualify developers by reputation and financial qualifications, then RFP. This adds 1-2 months to a single-stage RFP and may be politically acceptable if there are a limited number of developers for a specialized product, like sports facilities.
4. Two-stage Request for Qualifications (RFQ/RFP) process – Open pre-qualification of developers by financial capacity and building type experience, then RFP. This adds another 3-5 months to the single step RFP.
5. RFQ/Negotiate Method – Pick one developer after the RFQ, and negotiate a deal. Sometimes used with complex projects without a set solution (downtown redevelopment) requiring the public & private sector to invent new options.
6. Request for Expressions of Interest RFI /RFQ/RFP – Solicit ideas and concepts prior to RFQ & RFP. This technique is particularly useful for exploring non-market issues like affordable housing, community facilities and public space design. This adds 5-8 months to the single step RFP process.

This typology of RFP instruments was used to classify the 112 projects in the sample for the research project.

Annotated bibliography

Adams, D. and E. H. Hastings. (2001). Assessing Institutional Relations in Development Partnerships: The Land Development Corporation and the Hong Kong Government Prior to 1997. *Urban Studies* 38(9): 1473-1492.

This paper interprets and develops contemporary notions of partnership in relation to Hong Kong's Land Development Corporation. It demonstrates how such agencies are likely to become over-dependent on their private-sector partners or ineffective in policy delivery, unless endowed with adequate powers and resources. In this context, it suggests that the LDC's capacity to promote urban renewal was undermined particularly by the institutional requirement to assemble redevelopment sites in multiple ownership principally through negotiation. While seeking to explain this weakness in relation to the socio-cultural context of Hong Kong, it warns that, in applying the Western experience of partnership elsewhere, full account must be taken of local circumstances and constraints. In other words, local culture matters

Algatt, J. R. and A. Lenney. (1985). One Reading Center, Philadelphia: Playing the High-Risk Development Game. *Urban Land* 44(January): 8-10.

Altshuler, A. and D. Luberoff. (2003). *Mega-Projects: The Changing Politics of Urban Public Investment*. Washington, D.C.: Brookings Institution and Lincoln Institute of Land Policy.

The authors analyze the unprecedented wave of large-scale (mega-) public investments that occurred in American cities during the 1950s and 1960s; the social upheavals they triggered, which derailed large numbers of projects during the late 1960s and early 1970s; and the political impulses that have shaped a new generation of urban mega-projects in the decades since. They also appraise the most important consequences of policy shifts over this half-century and draw out common themes from the rich variety of programmatic and project developments that they chronicle. The authors integrate

narratives of national as well as state and local policymaking, and of mobilization by (mainly local) project advocates, with a profound examination of how well leading theories of urban politics explain the observed realities. The specific cases they analyze include a wide mix of transportation and downtown revitalization projects, drawn from numerous regions -- most notably Boston, Denver, Los Angeles, New York City, Chicago, Atlanta, Dallas, Portland, and Seattle. While their original research focuses on highway, airport, and rail transit programs and projects, they draw as well on the work of others to analyze the politics of public investment in urban renewal, downtown retailing, convention centers, and professional sports facilities. [adapted from publisher].

Asner, M. (2000) *The Request For Proposal Handbook*, 2nd Ed. New York: McGraw Hill. 505 pp.

This publication is a handbook for procurement RFPs, with detailed templates and checklists. Some Canadian case studies. Most of the examples are for information technology, and there is no discussion of real estate issues. Would not be terribly useful for public property, but might help for buying IT services and hardware.

Ball, M., L. Le Ny and P. Maginn. (2003). Synergy in Urban Regeneration Partnerships: Property Agents' Perspectives. *Urban Studies* 40(11): 2239-2253.

A major justification for urban regeneration partnerships (URPs) is that they provide synergistic benefits for their participants. Some argue that the major beneficiaries will be private-sector agencies. This proposition is examined in the light of evidence from a survey of property-related agencies. The opinions of developers and property consultants on the success of the partnership process in regeneration schemes with a significant property redevelopment component are examined. Many were found to have concerns about the URP model, centring on governance structures, decision-making, cost implications and time-frames. This suggests that synergy benefits may not actually exist. It is concluded that management and decision-making structures in partnerships need to be of greater concern in policy debate than is currently the case.

Basile, R.J. (1992). "Negotiating Public/Private Deals in Tough Times," in *Urban Land*, February 1992, pp. 26-30.

Bassett, K., R. Griffiths and I. Smith. (2002). Testing Governance: Partnerships, Planning and Conflict in Waterfront Regeneration. *Urban Studies* 39(10): 1757-1775.

This paper explores issues of urban governance through a case study of a major, waterfront regeneration project in an English city (Bristol). The first part of the paper sets the development of this project within the broader theoretical context of urban regime theory and changing structures of governance in the city. The paper then outlines the attempts to build a city-wide consensus in Bristol around a viable development project in a situation marked by strongly conflicting views and contrasting visions of urban space. Political and planning processes are explored in some detail to identify the strengths and weaknesses of local governance structures. The paper concludes with some comments on the relevance of the case study for debates on urban regime theory.

Brodie, M. J. (1995). Public/Private Joint Ventures: The Government as Partner--Bane or Benefit? *Real Estate Issues* (August): 33-39.

Public/private joint ventures are a recent phenomenon in US real estate development. The evolution of public-sector involvement in US development is outlined, and the experiences of M. J. Brodie as director of 2 public agencies – Baltimore's Department of Housing and Community Development and the federally chartered Pennsylvania Avenue Development Corp. in Washington, DC – charged with administering revitalization programs through public/private partnerships, are detailed.

Cervero, R., P. Hall and J. Landis. (1992). *Transit Joint Development in the United States*. Institute of Urban and Regional Development. University of California at Berkeley.

TCRP Report 102: Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects provides a comprehensive assessment of the state of the practice and the benefits of transit-oriented development (TOD) and joint development throughout the United States. This report will be helpful to transit agencies, the development community, and local decision makers considering transit-oriented development.

Coombes Kirkland Berridge (1984) *Land Development Proposal Calls for Public Agencies* , Ottawa: Canada Mortgage and Housing Corporation.

Review of techniques for requests for proposals for land development in Canadian cities.

Corrigan, M. B. et al. (2005). Ten Principles for Successful Public/Private Partnerships. Washington, D.C., Urban Land Institute.

1. Prepare properly for public/private partnerships
2. Create a shared vision
3. Understand your partners and key players
4. Be clear on the risks and rewards for all parties
5. Establish a clear and rational decision-making process
6. Make sure all parties do their homework
7. Secure consistent and coordinated leadership
8. Communicate early and often
9. Negotiate a fair deal structure
10. Build trust as a core value

Dale-Johnson, D. and D. Rodriguez. (1984). Bargaining Margin: How Much Can A Developer Yield in Negotiations. *Real Estate Review* 14(Spring): 54-56.

Dowall, D. E., (1987). Public Land Development in the United States. *The Journal of Real Estate Development* 2(Winter): 19-28.

Dowall, David E. (1989). Making Land Development Work: The Process and Critical Elements for Success. *Real Estate Finance* 6(Fall): 15-26.

Dowall, D.E. (1990). "The Public Real Estate Development Process" in *APA Journal*, Autumn, 1990 pp. 504-512.

Many public agencies are participating in joint development projects, sharing capital and operating costs and arranging long-term ground leases with developers. Planners are often asked to help guide this process. Steps for conducting successful joint, public-private real estate development programs are: 1. Clear goals and objectives need to be established. 2. An early decision must be made about how the real estate development function will be structured. 3. A well-managed and up-to-date real estate inventory is needed for an active and efficient asset management program. 4. High-priority sites should be identified. 5. Sites need to be packaged for development. 6. A developer must be selected. 7. A team of experts can be used to negotiate the joint development partnerships. 8. Project development and performance must be closely monitored. 9. The public partner must develop a system to manage property lease or income agreements, monitor project performance over the life of the agreement, and ensure compliance with the terms of all agreements.

Dowall, D., L. Gardner, and V. Greene. (1987). *Public Real Estate Development Manual*. Institute for Transportation Studies and Institute of Urban and Regional Development, University of California, Berkeley.

Dramov, B. (1985). Developing public property: Creative approaches. *Journal of Housing* 42(July/August): 133-136.

Dunphy, Robert, Robert Cervero, Fred Dock, Maureen McAvey, and Douglas Porter (2005), *Developing Around Transit* Washington DC: Urban Land Institute [ULI].

For communities wrestling with growth and sprawl, traffic headaches, and low transit ridership, one of the solutions is well-planned, high-quality development around transit stations. Written by a team of experts in development, planning, and transit, this book breaks new ground by going beyond the typical formula of a master-planned mix of retail, offices, and housing to show a variety of ways to tap the vast prospects of undeveloped and underdeveloped areas around transit stations, whether large scale or small scale, downtown or suburban. Addressing the many challenges, as well as the opportunities, such sites present, *Developing Around Transit* offers proven strategies for dealing with the special considerations involved in developing vibrant, attractive transit districts that can revitalize deteriorating neighborhoods, provide more customers for transit, justify the transit investment, and raise property values. [adapted from publisher]

Fainstein, S. S. (2001). *The City Builders: Property, Politics & Planning in London and New York*. Oxford, UK: Basil Blackwell.

In the last twenty years, urban centers worldwide have experienced enormous booms and busts as real-estate developers, financial institutions, and public officials first poured resources into physical redevelopment, then watched as the market collapsed before booming again in the 1990s. In this extensively revised edition of her highly regarded *The City Builders*, Susan Fainstein examines major redevelopment efforts in New York and London to uncover the forces behind these investment cycles and the role that public policy can play in moderating market instability.

Fainstein chronicles the progress of three development projects in New York (Times Square, downtown Brooklyn, and Battery Park City) and three in London (King's Cross,

Spitalfields, and Docklands). Analyzing the political and economic processes underlying physical changes in these two cities during the last two decades, she uncovers the role played by developers' perceptions and strategies in their interactions with both public policy-makers and property markets.

Fox, S. F. (1985). Who Opposes Public/Private Financial Partnerships For Urban Renewal? *Journal of Urban Affairs* 7 (Winter): 27-40.

Frieden, B. J. and L. B. Sagalyn. (1989). *Downtown, Inc: How America Rebuilds Cities*. Cambridge, MA: MIT Press.

The book delves into the inner workings of the new public entrepreneurship and public private partnerships that have revitalized the downtowns of such cities as Boston, San Diego, Seattle, St. Paul, and Pasadena. They bring a unique combination of political and economic expertise to their analysis of this marketplace, depicting a generation of mayors and administrators who differ in style from their predecessors and who have a more informed relationship with developers. Frieden and Sagalyn take a close look at the retail industry and illustrate how, in cities across the country, maverick developers and enterprising mayors found creative solutions to the problems presented by conservative lenders, political controversy, and shrinking Federal subsidies.

Substantial studies of four big city malls – Faneuil Hall Marketplace in Boston, Town Square in St. Paul, the Pike Place Market in Seattle, and Horton Plaza in San Diego – show in detail what it takes to succeed: a free wheeling entrepreneurial style, flexible deals, financing on the go, and design plans that change as needed. They also highlight the inventive designs that fit these projects into crowded downtowns, attracting record crowds to their doors, and show conversely how conflicts over Columbus Circle, Times Square, and Bryant Park in New York embody the problems that cities must overcome when they try to combine private profit with civic purpose.

Downtown Inc. surveys the results to see if there is a real agenda for downtown in the mix of convention centers, malls, stadiums, hotels, and promotional events. Besides the obvious successes of bringing in money and reversing decay in urban centers, Frieden and Sagalyn document the emergence of new downtown economies in New York, Pittsburgh, and other cities as major job centers for a broad cross section of people. [Adapted from publisher summary]

Goodno, J.B. (2004). Feet to the Fire: Accountable Development Keeps Developers and Community Groups Talking. *Planning* (March).

Gloria Serrano, a former garment worker, has spent most of her 31 years in Los Angeles outside the power structure. That started to change when Serrano and her immediate neighbors banded together with community organizers to fight mass evictions from the area's apartment buildings three years ago. It changed for good when Serrano and her neighbors joined a coalition of community groups, environmentalists, religious leaders, and labor unions to negotiate a groundbreaking community benefits agreement with the developers of the billion dollar hotel and entertainment center project known as Staples Center Phase II. The agreement means Phase II will not have the same negative impact on the neighborhood that construction of the Staples Center arena had – notably, the loss

of hundreds of affordable housing units. Advocates are sticking to their guns, arguing that developer buy-in can create a win-win situation. They concede that developers would have to jump through more hoops, but they note that accountability measures can lead to pro-development coalitions. Organized labor agrees.

Gordon, D. L.A. (1997a). *Battery Park City: Politics and Planning on the New York Waterfront*. New York: Gordon & Breach.

Battery Park City in Manhattan has been hailed as a triumph of urban design, and is considered to be one of the success stories of American urban redevelopment planning. The flood of praise for its design, however, can obscure the many lessons from the long struggle to develop the project. Nothing was built on the site for more than a decade after the first master plan was approved, and the redevelopment agency flirted with bankruptcy in 1979.

Taking a practice-oriented approach, the book examines the role of planning and development agencies in implementing urban waterfront redevelopment. It focuses upon the experience of the central actor – the Battery Park City Authority (BPCA) – and includes personal interviews with executives of the BPCA, former New York mayors John Lindsay and Ed Koch, key public officials, planners, and developers.

Gordon, D. L. A. (1997b). Financing Urban Waterfront Redevelopment. *Journal of American Planning Association* 63(2): 244-265.

Urban waterfront redevelopment cannot be justified as a straightforward real estate investment, based on this study of four prominent projects in New York, London, Boston and Toronto. Huge capital costs for land acquisition, site clearance and infrastructure are incurred years before significant private investment begins. The projects needed substantial government subsidies to get started, although a sophisticated redevelopment agency could minimize the cash contributions required from its sponsor. Attracting private developers was critical to the long-term survival of the redevelopment authorities. Private investment was dominated by the swings in the local real estate market, and a skilled agency could ride the cycles and smooth out the effects of booms and busts. Agencies that were greedy and attempted to increase the size of their projects during a boom often ran into public concerns about over-development of the waterfront and increased regulatory hurdles which caused them to miss the market opportunity altogether.

Gordon, D. L. A. (1997c). Managing the Changing Political Environment in Urban Waterfront Redevelopment," *Urban Studies* 34(1): 61-83 (1997).

Political issues in urban waterfront redevelopment projects are examined in this paper, based upon case studies in New York, London, Boston and Toronto. The perspective of the redevelopment agency is adopted when considering techniques for managing the changing political environment over the decades that it takes to implement these projects. The specific issues that are addressed include start-up politics, managing changes in political leadership, allocation of benefits and managing relations with residents and local government. Effective waterfront redevelopment agencies take a long-term approach towards management of their political environment.

Gordon, D.L.A. (2002) The Crash and Rebound of Canary Wharf, *Wharton Real Estate Review*, 6(1): 75-85.

After its 1992 bankruptcy, Canary Wharf was politically controversial and widely regarded as a planning and development disaster. It failed as a result of six factors: a recession in the London property market; competition from the City of London; poor transport links; few British tenants; complicated finances; and developer overconfidence. Canary Wharf's original developer assembled a new consortium and took the project out of bankruptcy in 1995. Improved performance on the six factors led to a successful IPO in 1999. Ten pre-leased office buildings are under construction in 2002, which should complete the original project. Canary Wharf's 14 million square feet will be an impressive rebound from a spectacular crash. The project is now the central business district of the London Docklands and the third office node of Greater London.

Guy, S., J. Henneberry and S. Rowley. (2002). Development Cultures and Urban Regeneration. *Urban Studies* 39(7): 1181-1196.

This article suggests that greater emphasis should be given to encouraging independent, locally based forms of property investment and development. Some research has focused on institutional investors' motives for holding regeneration investments and on how they might be encouraged to put more money into inner-city areas. The paper argues that, while helpful, the impact of such an approach upon urban regeneration will be limited. This is because, by definition, institutional investors are only interested in institutional property and buildings that do not conform to this frame of reference will not be of interest to them. However, other actors see things differently. Independent developers embrace the challenge presented by fringe locations, mixed uses and the local urban culture and aesthetic--and translate these characteristics into development values. Urban policy needs to address the contrasting ways in which the nature, construction and application of investors' strategic rationality intercept with local development conditions.

Hastings, A. (1999). Analysing Power Relations in Partnerships: Is There a Role for Discourse Analysis? *Urban Studies* 36(1): 91-106.

The aim of this paper is to assess power relations between the participants involved in a newly formed, multi-sectoral, urban regeneration partnership. The paper examines the extent of 'transformation' during the progress of the partnership; focusing on identifying changes in partners' theories of the causes of the local regeneration 'problem'. It draws upon the theoretical framework and analytical tools provided by critical discourse analysis in order to explore how a focus on language use can contribute to identifying changes in assumptions and values. The overall purpose of the paper is to consider the practical usefulness of discourse theory and analysis in identifying instances of the exercise of power. It concludes that discourse analysis can help to detect ways in which power is being exercised which may not be apparent to or acknowledged by those involved in partnerships and can therefore be made to play a useful role in assessing power in partnership working.

Hastings, A. (1996). Unraveling the Process of 'Partnership' in Urban Regeneration Policy. *Urban Studies* 33(2): 253-268.

In the UK, there is a political consensus that a multi-sectoral partnership approach is essential to achieve urban regeneration. As a term, however, 'partnership' is overused, ambiguous and politicised. The Conservative government has inscribed 'partnership' with a complex political agenda. It is not clear whether the politics of partnership are still dominated by a Thatcherite agenda of privatising and centralising urban policy or whether a new, more democratic era has been entered. The paper explores how the stakeholders in the central government-led Scottish Urban Partnerships conceive of the nature of their interrelationships within this political context. It also presents a conceptualisation of partnership processes, which extends and refines the framework put forward by Mackintosh (1992). The paper concludes that the Urban Partnerships are essentially limited applications of the potential of the partnership approach.

ICMA. (1989). *Establishing a Real Estate Asset Management System*. Washington, D.C.: ICMA.

Kaganova, Olga and James McKellar (2006) *Managing Government Property Assets: International Experiences*, Washington DC: Urban Institute

Governments own a vast array of real property—from large stretches of land to public housing projects, from water distribution systems and roads to office buildings. Typically, management of public property is highly fragmented, with each type of asset falling within a different agency or bureaucracy. In almost all countries, different classes of property are managed according to their own rules, often following traditional practices rather than any assessment of what type of management is most appropriate. Over the last decade, however, a new discipline has emerged that examines this important component of public wealth and seeks to apply standards of economic efficiency and effective organizational management. *Managing Government Property Assets* reviews and analyzes this recent wave of activity. The authors draw upon a wide variety of national and local practice, both in countries that have been leaders in management reforms and in countries that are just beginning to wrestle with the problem. This comparison reveals that the issues of public property management are surprisingly similar in different countries, despite striking differences in institutional contexts and policy solutions.

Kohnstamm, P. (1993). *Urban Renewal and Public-private Partnership in The Netherlands*. In *Urban Regeneration: Property Investment and Development*. Edited by S. Berry, J. McGreal and B. Deddis. London: E & FN Spon.

This book provides an in-depth analysis of the role of property investment and development in the urban regeneration process. It relates the physical, economic, financial and environmental aspects of urban change and development to the realities of particular cities by case studies drawn from Britain and Europe.

Koppenjan, J. and H. van Ham. (2005). The Formation of Public-Private Partnerships: Lessons From Nine Transport Infrastructure Projects in The Netherlands. *Public Administration* 83(1): 135-157.

Despite high expectations, in The Netherlands the formation of public-private partnerships (PPPs) in the field of transport infrastructure is stagnating. This article

addresses the question of why this is the case. On the basis of a comparative analysis of 9 case studies concerning the building of partnerships, 3 patterns are identified. The first is the successful formation of partnerships resulting in enriched projects. The second pattern is that of early interaction resulting in ambitious proposals for which there are no support. The third pattern shows ineffective market consultations followed by unilateral public planning, leading to stagnating contract negotiations.

These patterns are coherent and are caused by a number of generic factors. An important explanation for stagnation is the lack of interaction. As a result, public and private parties will fail to reach a common understanding, will be unable to contribute to the enrichment of the project content and will fail to develop mutual trust. If parties engage in early interaction, the lack of embeddedness of their efforts may result in an uncritical piling up of ambitions and an absence of the capability to realize trade-offs and generate support. These explanations are related to the absence of conscious and systematic attempts to manage and arrange interaction processes aimed at the formation of PPPs. On the basis of these findings the author formulates a number of suggestions to improve the quality and effectiveness of these processes.

Kotin, A. and R. Peiser. (1997). Public-Private Joint Ventures for High Volume Retailers: Who Benefits? *Urban Studies* 34(12): 1871-1997.

Retail development has become the preferred land use among Californian cities because the sales tax dollars generated by such development have the greatest impact on local budgets. The paper explores how the benefits of public assistance are distributed among the major parties to public-private joint ventures—the city, the anchor retailer and the developer. It attempts to answer the question, "Who really benefits from public assistance?" We focus on high volume retailers, sometimes referred to as 'big-box' retailers, because they represent a homogeneous class of public-private projects. The results show, somewhat surprisingly, that while the city's share of the benefits may have eroded, new performance-based incentives are being employed in public-private joint ventures that help to protect the city's share. One case study illustrates how new performance-based public-private deals are structured. The paper then compares the distribution of public tax benefits in four public-private transactions in California. The analysis shows a wide variation in the percentage of tax benefits that are retained by the city. In those situations where the city must compete with another city where the development will otherwise occur, the developer and the tenant are more likely to receive a large percentage of the total benefits. The case study demonstrates that cities do not necessarily have to receive a smaller and smaller share of the public benefit over time as tenants and developers become more sophisticated in playing off one city against another. Deal structures such as those presented here provide ample tools with which to protect the public's share of the benefits.

Lang, J. (2005) *Urban design: A typology of procedures and products, illustrated with 50 case studies*. Oxford, UK: Architectural Press/Elsevier.

Useful collection of case studies and procedures, many drawn from public development projects.

Lassar, T. (1990). *City Deal Making*. Washington, D.C.: Urban Land Institute.

Good collection of early essays on municipal P3s in urban redevelopment. Chapters by Babcock, Frieden (Columbus Center), Judith Wegner, Charles Siemon, Kayden, Sagalyn, and John Costonis.

Leinberger, C. B. (2005). *Turning Around Downtown: Twelve Steps to Revitalization*. Washington, D.C., Brookings Institution.

Though every downtown is different there are still common revitalization lessons that can be applied anywhere. While any approach must be customized based on unique physical conditions, institutional assets, consumer demand, history, and civic intent, this paper lays out the fundamentals of a downtown turnaround plan and the unique "private/public" partnership required to succeed. Beginning with visioning and strategic planning to the reemergence of an office market at the end stages, these 12 steps form a template for returning "walkable urbanity" downtown.

Leo, C. & R. Fenton, (1990). " 'Mediated enforcement' and the evolution of the state: development corporations in Canadian city centres," *International Journal of Urban and Regional Research*, 14[2]:185-206.

Political analysis of the use of Crown corporations to redevelop the centres of Canadian cities.

Levitt, R. L. and J. J. Kirlin (eds.) (1985). *Managing Development Through Public/Private Negotiations*. Washington, D.C.: Urban Land Institute.

Millspaugh, M. L. (2003). The Inner Harbor Story. *Urban Land* 62(online archives).

Moore, Barbara (ed.) (1983). *The Entrepreneur in Local Government*. Washington, D.C.: International City Managers Association.

Case studies and readings about entrepreneurial management in North American local governments. Articles by Gaebler, Ewes, and Kanter; cases about the Portsmouth energy plant, the Alexandria VA Torpedo Factory mixed use project, etc.

NECI (1994+) *The Legal Edge*, available online at www.neci-ledge.com

Newsletter addressing the legal aspects and latest case law for RFPs

Nelson, S. (2001). The Nature of Partnership in Urban Renewal in Paris and London. *European Planning Studies* 9(4): 483-502.

This article reviews the growing body of European literature exploring the nature of contemporary partnerships. Some common themes emerge, but there also appear to be differences in the way partnership is viewed in different national contexts. The paper then describes the relationships between organizations involved in the process of redevelopment of an area of Paris and an area of London. These relationships are examined using the conceptions of partnership identified in the literature. The paper concludes by identifying some features of partnership which may be common to different national contexts and some which may vary according to context

Nijkamp, P., M. van der Burch and G. Vindigni. (2002). A Comparative Institutional Evaluation of Public-Private Partnerships in Dutch Land-Use and Revitalization Projects. *Urban Studies* 39(10): 1865-1880.

In the spirit of the devolution of public policy, we have recently witnessed an increasing popularity of decentralised forms of decision-making in urban land-use policy, in which both local (or regional) authorities and the private sector play a more prominent joint role in the preparation and implementation of urban development projects. The paper describes the pathway to a more institutional multi-actor mode of urban land-use and revitalisation projects within the framework of deregulated land markets and maps out various relevant aspects of competitive land use. In particular, an attempt is made to identify the crucial 'drivers' of this complex decision-making process in an urban context, against the background of revitalisation objectives for modern cities. The literature suggests, in particular, that the institutional constellation, the financial viability and the presence of spatial externalities may act as critical factors for public-private partnerships. This proposition is tested in the paper by means of a comparative study on nine carefully selected urban development projects – more specifically, nine types of public-private partnerships – in The Netherlands. After the design of a systematic database on these projects, a particular type of qualitative fuzzy classification analysis originating from artificial intelligence, known as rough set analysis, is deployed to assess and identify the most important factors that are responsible for successes and failures of recent development plans in Dutch cities. This approach allows us to pinpoint the most critical policy variables.

Nunn, S. (1991a). Estimating the costs of public/private infrastructure deals in municipal government. *American Review of Public Administration* 21(4): 287-299.

City governments in the U.S. enter into agreements with private developers to provide infrastructure such as roads, drainage systems, and utilities. From a normative perspective, public managers should calculate the costs to city government to execute these public/private deals before they agree to participate. Four cost categories deserve attention: (1) initial expenses required for project approval by city officials (approval spending); (2) spending for changes during project construction (momentum spending); (3) public spending to entice private investment (incentive spending); and (4) city government spending to maintain and operate the new infrastructure (operations spending). This paper calculates spending categories in a case study of Alliance Airport, a major public/private development in Fort Worth, Texas, requiring \$63 million of direct and indirect public expenditures. Officials estimated less than 25 percent of total spending before project approval. Two-thirds of the public costs are foregone revenues associated with incentive spending by city government. The findings suggest city administrators and legislators should focus more closely on a precise calculation of these four types of costs before agreeing to public/private economic development deals.

Nunn, S. (1991b). Formal and Informal Processes in Infrastructure Policy-Making: How Fort Worth Assembled Capital for Alliance Airport. *Journal of American Planning Association* 57(3): 273-287.

City governments provide physical infrastructure in a variety of ways. This case study of the Alliance Airport development in Fort Worth, Texas, shows that two types of

infrastructure planning and policy-making were operating. Formal policies were used to standardize the city's methods of supplying some infrastructure, while informal policy-making was used to modify standard policies governing the provision of other capital facilities. In all, Fort Worth city government committed more than \$62 million of public infrastructure to the airport development. Less than half the total value of public infrastructure was supplied on the basis of formal policies or previous plans. The Fort Worth example suggests severe implications of relying on informal policies.

Portnoy, I. and B. Perkins. (1985). Developing with a Public Agency Partner. *Real Estate Review* 55 (Spring): 75-79.

View of public development from the private partner's perspective.

Sagalyn, L. B. (1989). Measuring Financial Returns When the City Acts As An Investor: Boston and Faneuil Hall Marketplace. *Real Estate Issues* 14(Fall/Winter): 7-15.

A good example of a city's financial participation in a public-private development venture is Boston's Faneuil Hall Marketplace. An ex post analysis of this case from an investment-financial returns perspective is provided. The city chose to lease the urban property from The Rouse Co. instead of selling it at a below-market price. This solved the historical landmark preservation problem, and payments would not have to be returned to the government as would proceeds from a sale disposition. The lease agreement took the form of annual payments in lieu of property taxes. The city would receive 20% of gross rental income, plus 20% of revenues in excess of \$3 million. One indicator of the project's performance was the steady increase in annual lease revenues between 1979 and 1987. Motivated by a broad set of goals for downtown, the city negotiated 3 successive deals, each time making financial concessions. However, the success of the project indicates that cities can earn competitive returns from risk-taking.

Sagalyn, L. B. (1992). *Public Development: Using Land as a Capital Resource*. Cambridge, MA. Lincoln Institute of Land Policy and Taubman Center for State and Local Government.

Sagalyn, L. B. (1996). Meshing Public and Private Roles in the Development Process. In *Real Estate Development*. Edited by M. Miles, et al. Washington, D.C.: Urban Land Institute.

Sagalyn, L. B. (1997). Negotiating for Public Benefits: The Bargaining Calculus of Public-Private Development. *Urban Studies* 34(12): 1955-1970.

US cities capture public benefits from private developers under several bargaining frameworks: exactions, incentive zoning and public-private developments. These frameworks exist along a continuum of policy-intervention strategies, from passive regulation to active development, from a quid pro quo to incentive to investment policy posture. Each strategy defines a public position, structure and process for negotiation and parameters for the bargaining process. Though the means differ, the common element is that each strategy calls upon private development to support the costs of the public-benefit package. During the 1980s, American cities succeeded in tapping this wellspring of private development in an unparalleled way through active public development. To secure these benefits, the policy strategy demanded that cities take on significantly greater risk to achieve their planning objectives. With a strong real estate market in their favour, both San Francisco and Los Angeles negotiated aggressive business deals to fund

their public-amenities agendas. A key difference in the approaches can be explained by their respective attitudes towards risk-taking and control, attitudes which reflected differences in political culture. Whether to build the public amenities directly (San Francisco) or require their provision by developers (Los Angeles) remains a matter of judgement, its relative desirability conditional on the priorities, politics and risk tolerance of individual cities and their development agencies. Experience varies and expertise matters.

Sagalyn, L. B. (2001). *Times Square Roulette: Remaking the City Icon*. Cambridge, MA: MIT Press.

Perhaps the best single case study of a PP redevelopment project; with detailed financial analysis lacking in other books.

The spectacularly successful transformation of Times Square has become a model for other cities. From its beginning as Longacre Square, Times Square's commercialism, signage, cultural diversity, and social tolerance have been deeply embedded in New York City's psyche. Its symbolic role guaranteed that any plan for its renewal would push the hot buttons of public controversy: free speech, property-taking through eminent domain, development density, tax subsidy, and historic preservation.

In *Times Square Roulette*, Lynne Sagalyn debunks the myth of an overnight urban miracle performed by Disney and Mayor Giuliani, to tell the far more complex and commanding tale of a twenty-year process of public controversy, nonstop litigation, and interminable delay. She tells how the troubled execution of the original redevelopment plan provided a rare opportunity to rescript it. And timing was all: the mid-1990s saw rising international corporate interest in the city as a mecca for mass-market entertainment and synergistic merchandising. Sagalyn details the complex relationship between planning and politics and the role of market forces in shaping Times Square's redevelopment opportunities. She shows how policy was wedded to deal making and how persistent individuals and groups forged both. [adapted from publisher summary]

Sagalyn L.B. (2007) Public/Private Development, *Journal of the American Planning Association*, 73(1): 7-22.

Public/private partnerships have become a favored strategy for implementing complex urban developments in the United States and Western Europe, but the large volume of literature on the topic falls short of providing city planners, development experts, and policy analysts the knowledge needed for either teaching or practice. In the late 1970s, the blurring of lines between public and private action spurred significant intellectual debate in the U.S. literature, and concern that those financing and carrying out public/private projects had too much influence compared to those who would ultimately pay for or be affected by the projects. As a consequence, the early literature on public/private development projects in the United States did little to enlighten. This has been changing, however, and academic literature from abroad has used inventive means to analyze public/private developments and generalize about their impacts and significance. I synthesize the case-based research on public/private development projects to extract insights and lessons for planning, deal making, and performance, concluding by recommending the additional research that I consider most needed.

Sawicki, D. S. (1989). The Festival Marketplace as Public Policy. *Journal of American Planning Association* 55(3): 347-361.

An in-depth case study of a festival marketplace, the Underground Atlanta, is discussed. Guidelines for planners and local politicians involved in making decisions on large-scale development projects are given.

Sawicki, D. S. (1992). Public/Private Deals: Do They Really Work? *Journal of Housing* (January/February): 24-34.

Accountants and fiscal officers generally limit themselves to a narrow interpretation of providing due diligence to public investment decisions. A critical point that has been overlooked is that, though a project may succeed for the private entities involved, there is no guarantee that it will succeed for the public partner. Success depends on the nature of the deal that was made between the private and public sectors. The fiscal impact of a public-private project depends upon the addition of marginal revenues and the subtraction of marginal costs to the city over time. Although in public discussions governmental subsidies are usually justified by promising tangible benefits, such as more jobs and greater city revenues, the unquantifiable benefits of urban design and city image may be the most important rationales for public-private endeavors. The level of analysis and scrutiny of such investments has been unsatisfactory.

Siemiatycki, Matti (2006) Implications of Private-Public Partnerships on the Development of Urban Public Transit Infrastructure: The Case of Vancouver, Canada, *Journal of Planning Education and Research* 26:137-151.

Recently, design-build-operate-transfer-style private-public partnerships have gained popularity both with left-wing and with right-wing governments as a means of effectively delivering large-scale transportation infrastructure projects. Proponents suggest that introducing competition and market forces into the procurement of public infrastructure can make decision making more accountable, contribute to greater technological innovation, and reduce the potential for construction-cost escalations that consistently have plagued transportation projects. However, this article shows that in the case of a new rapid-rail development in Vancouver, Canada, the private-public-partnership method of project delivery has been largely incongruent with increased accountability while failing to drive technological innovation or limit cost escalations during the planning process.

Stainback, J. (2000). *Public/Private Finance and Development*. New York: John Wiley & Sons, Inc.

This book contains detailed descriptions of six types of RFP processes and samples of generic RFP documents. Public-private finance and development is a consulting service that identifies opportunities for privatization or partnerships between the public and private sectors. This book provides detailed coverage of the complex process involved in taking a project from conceptualization through construction.

Urban Land Institute (2004) *Remaking Urban Waterfronts* Washington DC : ULI

Design, finance and implementation principles for PPD in waterfront settings, illustrated by over 20 case studies.

van Ham, H. and J. Koppenjan. (2002). Building Public-Private Partnerships: Assessing and managing risks in port development. *Public Management Review* 4(1): 593-616.

This article deals with the difficulties and risks involved in building public-private partnerships and tries to answer the question of how to overcome them. The issue is illustrated by an analysis of the attempts made to realize a huge port expansion in the port of Rotterdam by means of establishing public-private partnership. In recent years increasing dependencies between public and private organizations lead to a growing need for public-private partnerships. However, cultural and institutional differences between the public and private domain and, in addition, the difficulties of bringing the two together, constitute a serious threat to successful public-private partnership. The formation of these partnerships is further hindered by confusion of the concept of public-private partnership. The predominant model of contracting out restricts rather than enhances public-private interaction. The article includes a useful overview of risk assessment and management and a good discussion of the main threats to forming a good PP partnership.

Wetmore, R. (1991). Bidding for Public Property: Guidelines for Developers. *Urban Land* 50(): 8-13.

Wetmore, R. and H. Sause. (1995). Striking a Public/Private Deal. *Urban Land* 25-28.

ⁱ We are grateful to Lynne Sagalyn for bringing these Dutch articles to our attention.