

December 5, 2012
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P3s: Proven Mechanism for Economic and Social Benefits that Should Transcend Administrations

“In only three years, Puerto Rico now has a world-class public-private partnerships (P3) program that has resulted in economic and social benefit for Puerto Rico. It is important that this program transcend administrations in order to continue strengthening the Island’s economy and improving the quality of life of its residents,” Public-Private Partnerships Authority (PPPA) Executive Director David Álvarez reported during the transition hearings at the Puerto Rico State Department.

Around eight P3 initiatives were presented before the Transition Committee. Some have already been implemented and others will be left for the consideration of the incoming administration. The following projects were highlighted: the Schools for the 21st Century, PR-22 and PR-5 Toll Roads Modernization, Luis Muñoz Marín International Airport Modernization, Youth Correctional Facility, Public Safety Pilot Project, PR-5 Extension, PR-22 Extension, and the Remote PRASA Meter Reading Project.

“Through the Schools for the 21st Century project only, the P3 mechanism allowed the government to save millions, create jobs and speed up the works in such a way as to effect changes in schools throughout the Island. We believe it is important for the incoming Administration to continue with this project,” Álvarez affirmed.

The PPPA stressed the benefits ensuing from the concession of PR-22 and PR-5 to the Metropistas private consortium, a \$1,136 million transaction including the consortium’s commitment to invest \$56 million within the first three years. It also explained the progress made in the works aimed at extending both toll roads. The PPPA pointed out the fact that should PR-5 works go on as planned, the extension construction works may begin in 2013. Meanwhile,

PPPA efforts to extend PR-22, which would positively affect the West region of the Island, are presently focused on the environmental process.

“The extension of these roads, particularly, PR-22, is necessary work for Puerto Rico and should not be delayed anymore. The Island needs a system of interconnected highways.” the PPPA Executive Director said.

The PPPA highlighted the benefits of the Luis Muñoz Marín International Airport modernization project, whose value for Puerto Rico is around \$2,573 million, and its positive influence on the tourist sector. It was reported that, after a process of more than one year, including a public comments period led by the FAA and the signing of a concession agreement with Aerostar Airport Holding in July 2012, today the project is awaiting the FAA decision.

The PPPA stressed the importance of carrying on with, and expanding the integrated public security projects in order to improve safety for law enforcement officers and citizens, and pointed out that efforts towards the construction of a new youth correctional facility are at an advanced stage that would allow beginning the Request for Proposals (RFP) process shortly. Currently, there are four qualified proponents

"Puerto Rico should be proud of having a public-private partnerships program that has put the eyes of the most well-known investors on our Island, as they have come to know that Puerto Rico is a serious place to invest in," Álvarez concluded.

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