



Contract Operations of Water and Wastewater Facilities In the Gulf Region

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Presentation topics

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**Trends and
Drivers**



**Public-Private
Partnership
Options**



**Benefits of
PPPs**

Market trends

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Government agencies more willing to outsource to improve efficiency and performance

Increased emphasis on asset protection practices

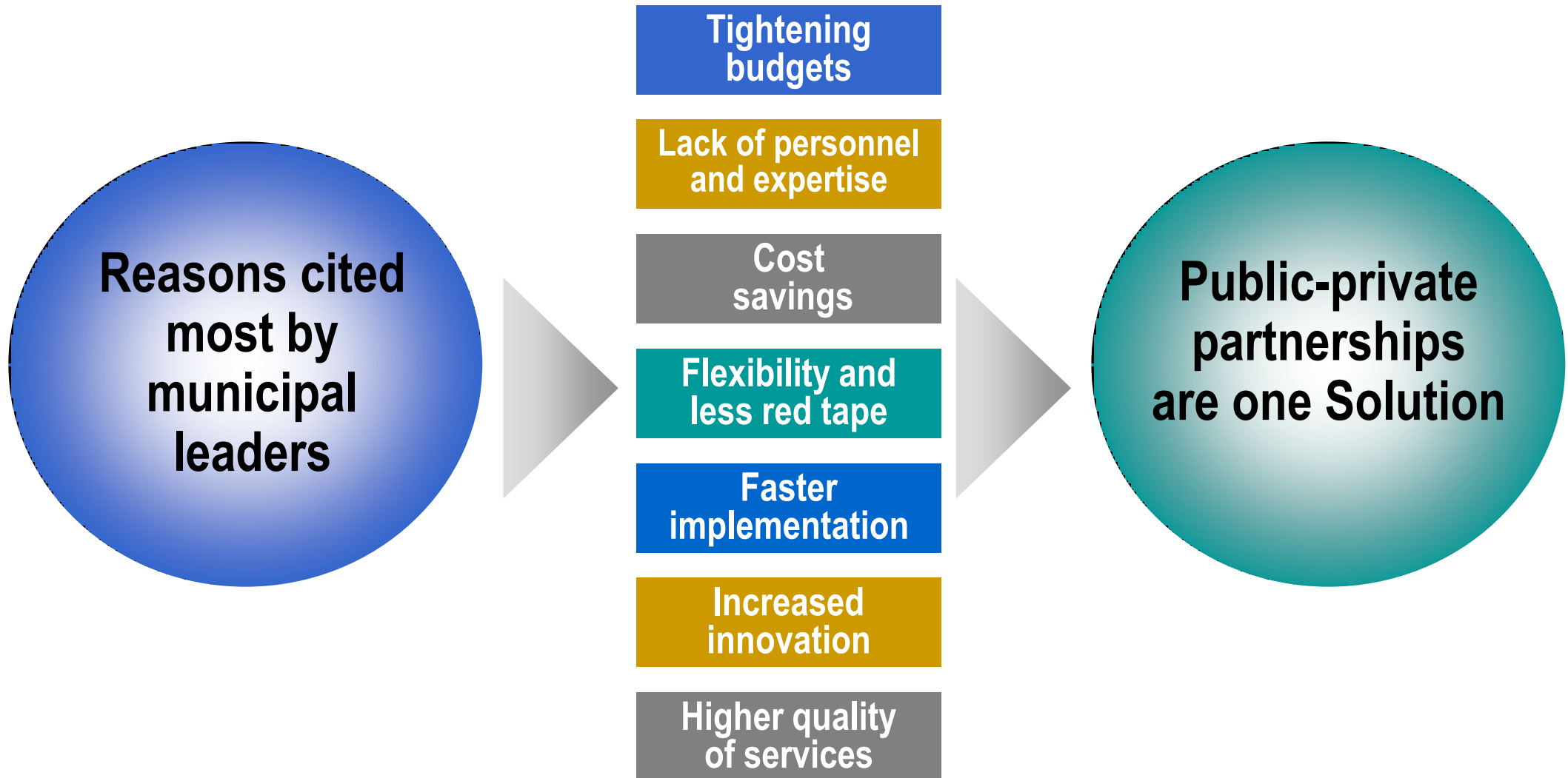
Public awareness increasing around issues of water scarcity, quality, and conservation

Most utilities being asked “to do more with less”

Increased interest in sustainable solutions/technologies

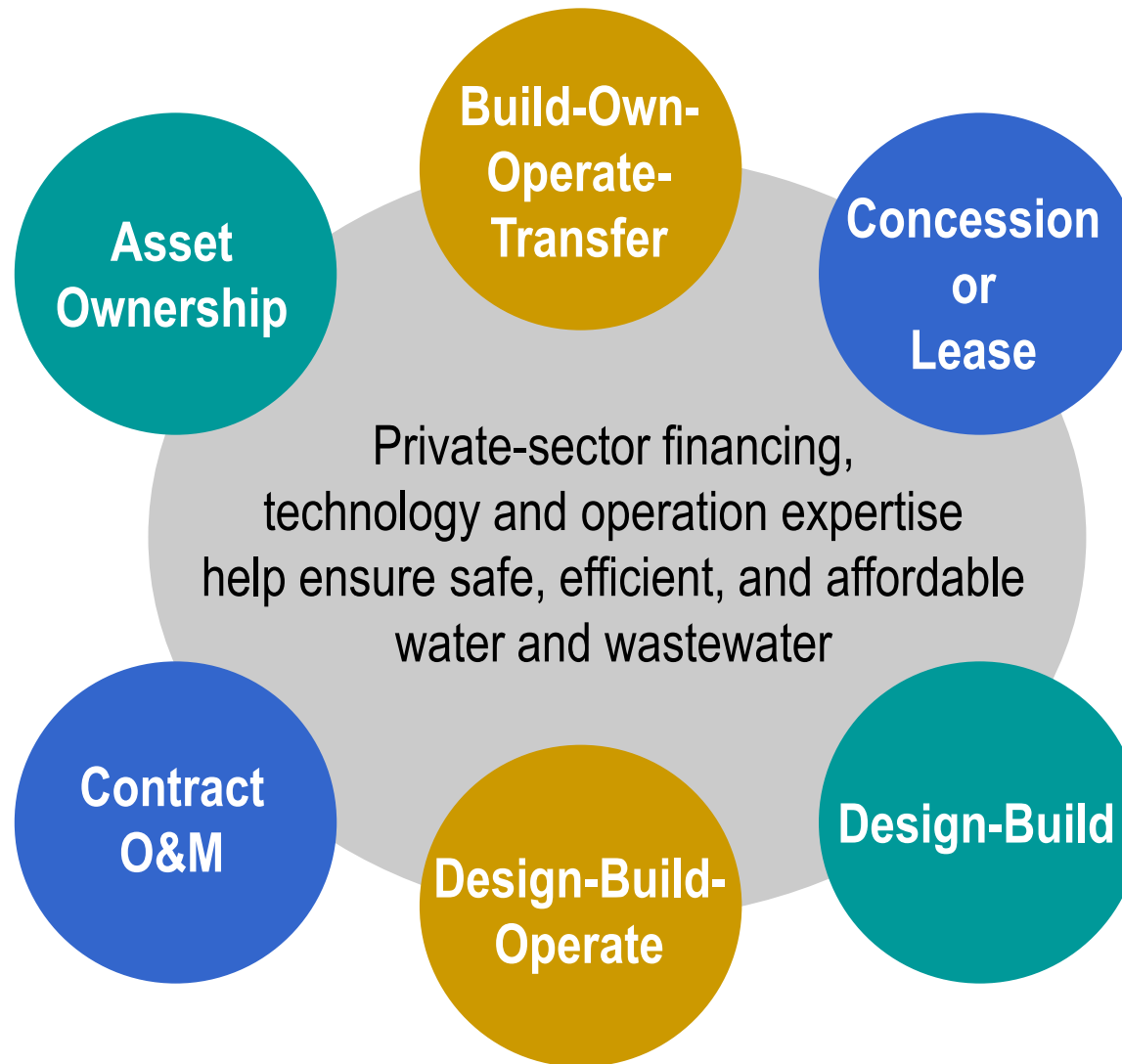
Market drivers for partnerships

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Partnerships or P3s come in a variety of forms

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Typical contract arrangements

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Form of Partnership	Primary Application	Average Term (years)
Contract O&M	New or existing systems	3-10
Design/build/operate (DBO) or O&M with design/build	New or existing systems	15-25
Design/build/finance/operate	New systems	20
Concession/lease	Existing systems	10-20
Build/operate/transfer (BOT)	New systems	25-30

Partnership vs. privatization

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Partnership

- Public sector maintains ownership of assets
- Public sector retains rate-setting
- Private firm is responsible for staffing and O&M costs
- Private sector responsible for normal repair and replacement of equipment
- Public sector handles capital planning and replacement

Privatization

- Private sector owns assets
- Private sector responsible for regulatory compliance
- Private sector responsible for repair and capital replacement
- Private sector proposes rate schedule, with approval from utilities commission

More

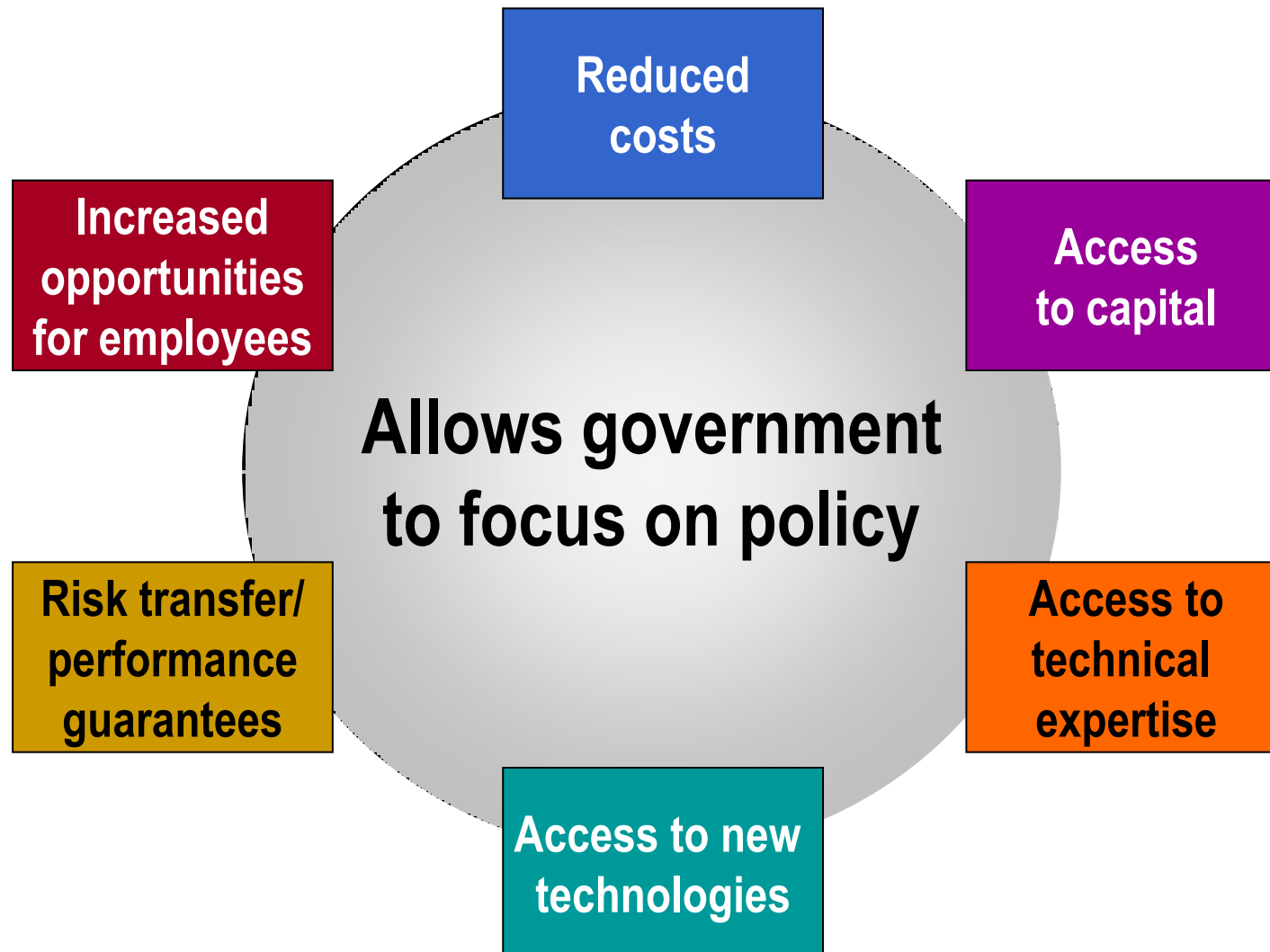
Span of Public Control

Less

When to contract out?

When you're looking for these beneficial outcomes

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Examples of public-private partnerships

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- Communities around the globe using P3s to improve water and wastewater infrastructure
- More than 10,000 communities around the globe outsource the management of systems
- Many Gulf countries from the U.A.E to Kuwait using P3s for water or wastewater solutions since the early 1990s

Partnering with the private-sector is one of the strategic solutions for meeting future needs

Status of contract O&M in the region

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Country		Favorable		Undecided
		Yes	No	
	U.A.E	✓		
	Oman	✓		
	Qatar	✓		
	Saudi Arabia	✓		
	Bahrain	✓		
	Kuwait	✓		
	Eqypt			✓

Case Study – Abu Dhabi Island Pump Station Project

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- **Fast Facts**

Project Type: Contract O&M

Client: Abu Dhabi Sewerage Services Company

Location: Abu Dhabi, UAE

Project Start: 2003

Employees: 36

Population served: 1,000,000

Scope: Operations and Maintenance for a large network of pumping station (51) and infrastructure



Case Study – SEWA Desalination Project

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- **Fast Facts**

Project Type: Design/Build/Commissioning

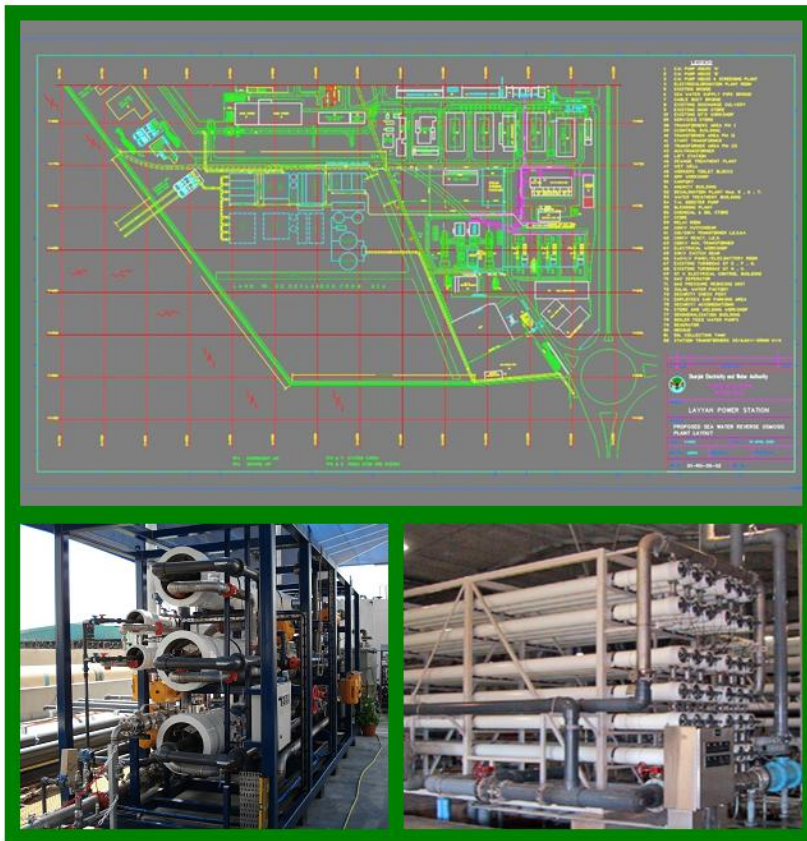
Client: Sharjah Electricity and Water Authority

Location: Sharjah, UAE

Project Start: 2005

Employees: 10

Scope: Design, Build and Commissioning and start-up for an 8-mgd seawater reverse osmosis (SWRO) plant



Case Study – Kuwait City Wastewater Projects

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- **Fast Facts**

Project Type: Rehabilitation and Contract O&M

Client: Kuwait Ministry of Public Works

Location: Kuwait City, Kuwait

Project Start: 1990

Employees: 460

Scope: Rehabilitation of Kuwait City's wastewater system and contract O&M for the Rekka WWTP and effluent reuse system



What we've learned: Impacts of contract O&M are positive

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50% rate overall satisfaction with the partnership as “extremely satisfied,” the highest possible ranking; no respondents rate overall satisfaction as anything less than “satisfied”

92% that projected cost savings achieved those savings; the other 8% indicated it was too early in the partnership to tell

93% of respondents noted that involuntary employee turnover declined or remained the same

93% said that employees have more training and professional growth opportunities than they did prior to the partnership

Source: International City Manager's Survey. 2007

What we've learned: Impacts of contract O&M are positive

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64% reported a decrease in employee grievances under the partnership; none reported an increase

93% noted that private partners proactively participate in community activities above and beyond what's required in their contracts

74% rated regulatory compliance as better under the partnership than prior to the partnership

Key ingredients in any successful partnership

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Clear understanding of goals and objectives to be achieved

Good understanding of options available

Consensus among decision-makers

Well-defined competition process

Equitable sharing of risks and rewards

Clearly defined performance metrics

A champion to make it work on both sides

Benefits of public-private partnerships (P3s)

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Experience and expertise

Lower costs

Enhanced career opportunities for employees

Environmental stewardship

Decreased risk liability for government

Improved technology for a cleaner environment

Thank you!

