

# THE BROAD DIMENSION

## the newsletter of tbd consultants - 2nd quarter 2012



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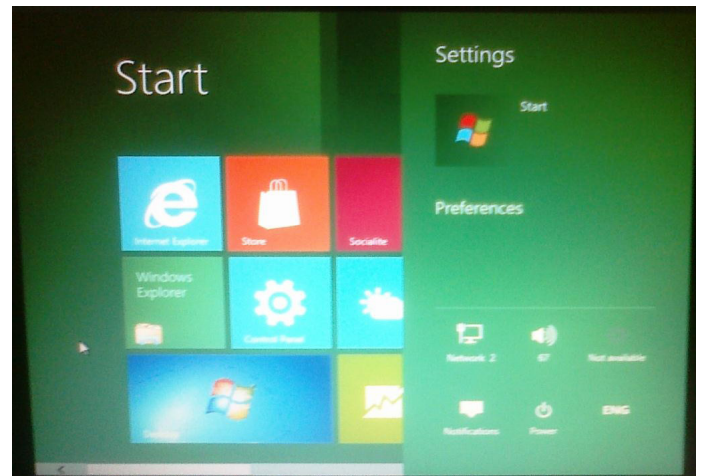
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## Geoff's IT Gems Windows 8 is Coming!

If you remember the change we went through when Windows 95 replaced Windows 3.1, you will have a feel for what we will go through when Windows 8 arrives. It will have an entirely new look from what we have been used

to with Vista and Windows 7, although happily there will be an option for reverting to a desktop similar to the one we are used to when needed.

At time of writing, the first beta for Windows 8 has not been released, but we took a look at what is called the Windows Developer Preview (which strangely would not install on Microsoft's Virtual PC but did on VMware). In the following screen shot we see the Start screen that you get after logging on.



That screen uses tiles, similar to Windows Phone 7, and they supposedly can be shortcuts to applications, or display information from apps (such as weather reports). This seems to be Microsoft's response to the iPad and Android tablets because this version of Windows is designed for use not only on PCs, but also on tablets and other devices. It is also capable of utilizing touch-screens if available. We ran it on a PC and a scroll bar along the bottom of the screen showed that there was much more to the Start screen than was immediately apparent, just as you can slide your smart-phone screen across.

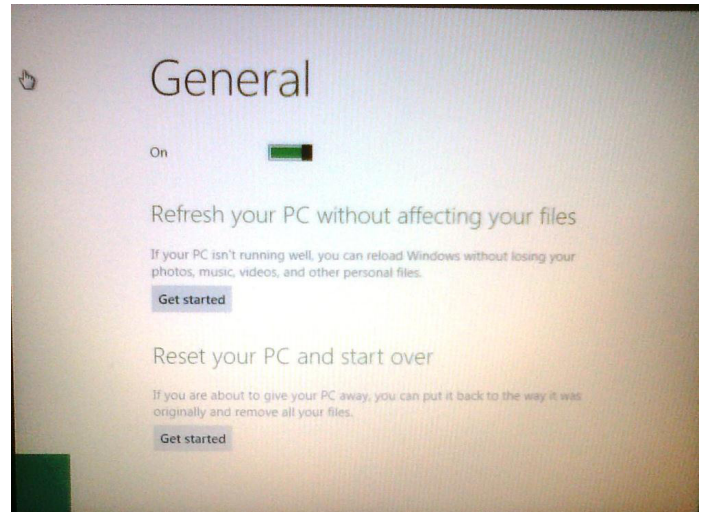
One of the tiles is titled 'Store', which got people guessing that we might be getting an App Store, as we are used to with our cellphones, and Microsoft has now confirmed it. The tile that will be a relief to many is one titled 'Desktop', which produces a more traditional Windows desktop complete with something that, at first glance, looks like a normal Start menu. But this menu pops up when you hover the mouse over the lower left-hand portion of the screen, and it contains shortcuts for Settings, Devices, Share and Search. If you click on Start you get taken back to the Start screen with the tiles.



Many of the windows, such as Windows Explorer, looks familiar to the ones we have got used to in Windows, and of course applications like Internet Explorer look the way we expect them to.

For the first time, this version of Windows will operate on ARM microprocessors, making it able to run on tablets and other mobile devices. But don't expect all your current favorite Windows programs to be instantly available on an iPad-lookalike. Unless the program is re-written specifically for Windows 8, it is unlikely to run on Windows 8 unless you are running it on a PC. But with so much of our computer usage being Web-based these days, the type of machine you are using is less likely to be a limiting factor.

The first actual beta version should be out before this newsletter is published, and the real public version is expected to be released towards the end of this year, although Microsoft has not announced any specific dates yet.



## PPP – Public-Private Partnership

Hear mention of P3 and you might think of a well-known piece of scheduling software, but it is also, along with PPP, an abbreviation for Public-Private Partnership. PPP is often talked about as something that happens in Europe or Canada, but it has a long history in the US as well. For instance, at the commencement of the Transbay Transit Center project in San Francisco, then California Governor, Arnold Schwarzenegger, said the project was 'an example of harnessing the power of public-private partnerships to build and improve infrastructure in the state'. The fact that that is a transportation-related project is appropriate, because, although PPP is certainly not limited to them, in the US that is the place where you are most likely to find PPP utilized. Indeed, what may have been the first example of PPP in the US occurred in 1654 with a contract for building and operating a bridge for the General Court of Massachusetts, again transport related, and the FHWA (Federal Highway Administration) actively encourages the use of PPP.

Certainly PPP has been used far more commonly in some other areas of the world than in the US. For instance, in the UK the government of John Major in 1992 introduced the private finance initiative that encouraged the use of PPP, and a year later the Canadian Council for Public-Private Partnerships was established to promote PPP north of the 49th parallel. In the European Union as a whole it is

estimated that over 1,400 PPP projects have been carried out over the past two decades. Of course, PPP has had many successes, but also some spectacular failures, such as the PPP contracts to maintain and upgrade the London Underground system.

The name is fairly self explanatory, but what does PPP actually mean? With PPP you have a contractual arrangement involving a public authority and a private party, where the private party assumes a greater financial, technical and/or operational involvement and risk. The private party is often a consortium involving a building contractor, a bank or other financial institution, and perhaps a maintenance company.



Design-Build can be one form of PPP, where the design-builder assumes greater responsibility for design work, along with the construction work, within an approved fee. There is also DBOM (design-build-operate/maintain) where the private partner also takes responsibility for operation and maintenance.

With both of the above options, the public-sector entity provides the funding, but finance is often viewed as an important consideration in PPP, with the private partner providing some, or maybe all, of it. That financing aspect is something that has public authorities viewing PPP with interest these days, because of the adverse financial situation for public authorities. If the private partner is providing financing, they obviously need an opportunity to make money, so Design-Build-Finance-Operate is another PPP option with the private partner having the right to operate the system/building/bridge/etc. and keep a specified percentage of the income from the project for a specific period to recoup their investment, hopefully with profit.



PPP options for use with existing buildings include:

- Operations and maintenance (O&M) concessions where the private partner takes responsibility for operation and maintenance of the facility.
- Long term lease, often of toll facilities, where the private party keeps a specified percentage of the tolls and takes on responsibility for operating, maintaining, and maybe improving the facility.

Life Cycle Costing is important for assessing the value of public-private projects, especially where maintenance is involved in the project. The allocation of risk has often been a contentious issue, and responsibility is something that is tied to risk, but public authorities are often reluctant to give up responsibility.

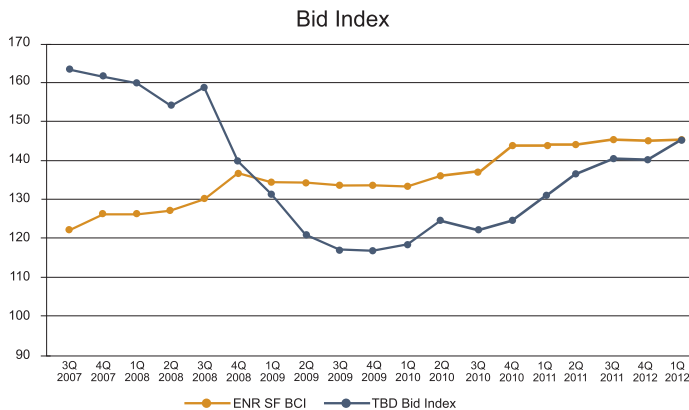
## When Blah is Best Geoff Canham, Editor

Have you noticed that the markets are often reacting negatively to good news, because it wasn't as good as people hoped, or positively to bad news, because it wasn't as bad as they feared? There has been a lot of news, but not much has really changed. It has been said that the markets buy the rumor and sell the news, and there seems to be a lot of truth in that. We see some wild swings in the short time-span, but, as we see by looking at the long-term view of the Dow, as presented on CNN Money, we see the market has been slowly clawing its way out of the recession.



But slowly is definitely the name of the game, and it might be more comfortable if it was slow and steady, but steady it certainly has not been. On the construction front, the AIA's Architecture Billings Index has also been moving slowly upwards, and recently has been in positive territory. The national average is around 52, 50 being the point of equilibrium, so being above 50 means that billings are increasing, but again it is slowly. With this writer being based in San Francisco, we have to note that the Western region is the only one that still shows below 50. On the positive construction front we have also seen increases in building permit applications and in housing starts, but that has to be tempered by the foreclosure situation which is ramping up again, rather than going away.

Our bid index is also continuing to slowly to edge towards the nominal 'norm' represented by the path the ENR's Building Cost Index, which shows how labor and material costs have been moving.



While the markets have been moving slowly upwards, there are a number of issues, mainly abroad, that have been causing short-lived dips in the market movements and have a potential for causing serious disruption to the economy.

Greece was an issue that we addressed almost two years ago in our 2010-Q3 edition, and which stubbornly refused to go away since then. It is beginning to look as though many in Europe would like Greece to go away from the Euro, and that remains a possibility. Whether or not Greece will default on its debts is no longer in question, it just remains to be seen how controlled that default will be. The deal with its private-sector investors is a promising start (where they 'voluntarily' take losses of up to 70%). But Greece really needs to continue opening up its restricted, uncompetitive markets to get its economy moving again.

Europe has its own problems, even disregarding Greece. A number of European nations, including Portugal, Belgium, Italy, the Netherlands, and of course Greece, are technically back in recession (meaning they have had at least two consecutive quarters of negative growth) and more could follow. The Eurozone economy as a whole shrank in the fourth quarter of 2011, but Germany and France stayed in positive territory, performing better than expected. In the UK, unemployment continues to rise and the governor of the Bank of England predicts that the country will 'zigzag' in and out of growth over the coming year.

In the Middle East, the situation with Iran has a potential for serious escalation, leading to disruptions in oil supplies, which might give a good boost to alternative energy resources, but otherwise would still be a serious disruption to economies worldwide. Brent crude oil rose to almost \$120 per barrel in mid-February, as this article was being drafted.

On the home front we have the foreclosure situation referred to earlier. As the banks emerge from the robo-signing scandal, the number of foreclosures is going to rise again, stifling the recovery of the housing market.

Those issues, mentioned above, could make exciting news and be anything but blah, but they also probably are not where we want to be. So for now, if news is blah and the recovery is rather slow, but continuing upwards, that is probably the best we can expect. Slow, and as steady as we can get, will work for now, and let's keep hoping the forward momentum starts increasing.