

**NCSL**  
**May 3 , 2013**  
**Do Your National Infrastructure Systems Make the Grade?**  
**Rick Norment, NCPPP**





# What is NCPFP?

- Membership
  - Public and Private
- Partnerships range from:
  - Outsourcing
  - Public-Private Partnerships
- OUR FOCUS = Public-Private Partnerships
  - “Joint Ventures”
  - “Collaborative Enterprise”
- **NOT “Privatization”**
  - Difference = **The level of public control & oversight**





# The Rising Demand for PPPs

## A national trend

- Deficits at all levels of government
- States often have requirement for a “Balanced Budget” and/or debt limits
- Infrastructure and service needs escalating
  - Postponed maintenance
  - Political decisions
  - Population growth
- Cuts in services and government programs
- Improving public understanding
  - Learning from examples that have worked
  - Resulting in increasing legislative actions

THE NATIONAL  
Council For  
Public-Private  
Partnerships



PARTNERSHIPS FOR PROGRESS



# The biggest challenge – Institutional Inertia

**This creates the need for  
educating the public sector**





## Objective

To provide a framework to illustrate that Public-Private Partnerships (PPPs):

- **Are not revolutionary**
  - Used in a number of infrastructure sectors
  - Over 300 years of experience in the US
    - First ones for transportation and water
  - More widely used in other countries
    - Europe, Asia, Latin America, etc.
- **Don't answer all challenges**
- **Do provide a valuable tool**







# What is a PPP?

A Public-Private Partnership is a **contractual agreement** between a **public agency** (federal, state or local) and a **private sector entity**. Through this agreement, the **skills and assets** of each sector (public and private) **are shared** in delivering a service or facility for the use of the general public. In addition to the sharing of resources, **each party shares in the risks and rewards** potential in the delivery of the service and/or facility.

source: [www.ncppp.org](http://www.ncppp.org)





# Sectors Where PPPs Have Been Used

**THE EXPERIENCE IS TRANSFERABLE**

**“Lessons learned from one . . .”**

- Transportation
- Water/Wastewater
- Urban Development
- Energy
- Financial Management
- Social Services





## Advantages of PPPs

- Maximizes the use of each sector's strength
- Reduces development risk
- Reduces public capital investment
- Mobilizes excess or underutilized assets
- Improves efficiencies/quicker completion
- Better environmental compliance
- Improves service to the community
- Improves cost effectiveness
- Shares resources
- Shares/allocates risks
- Mutual rewards

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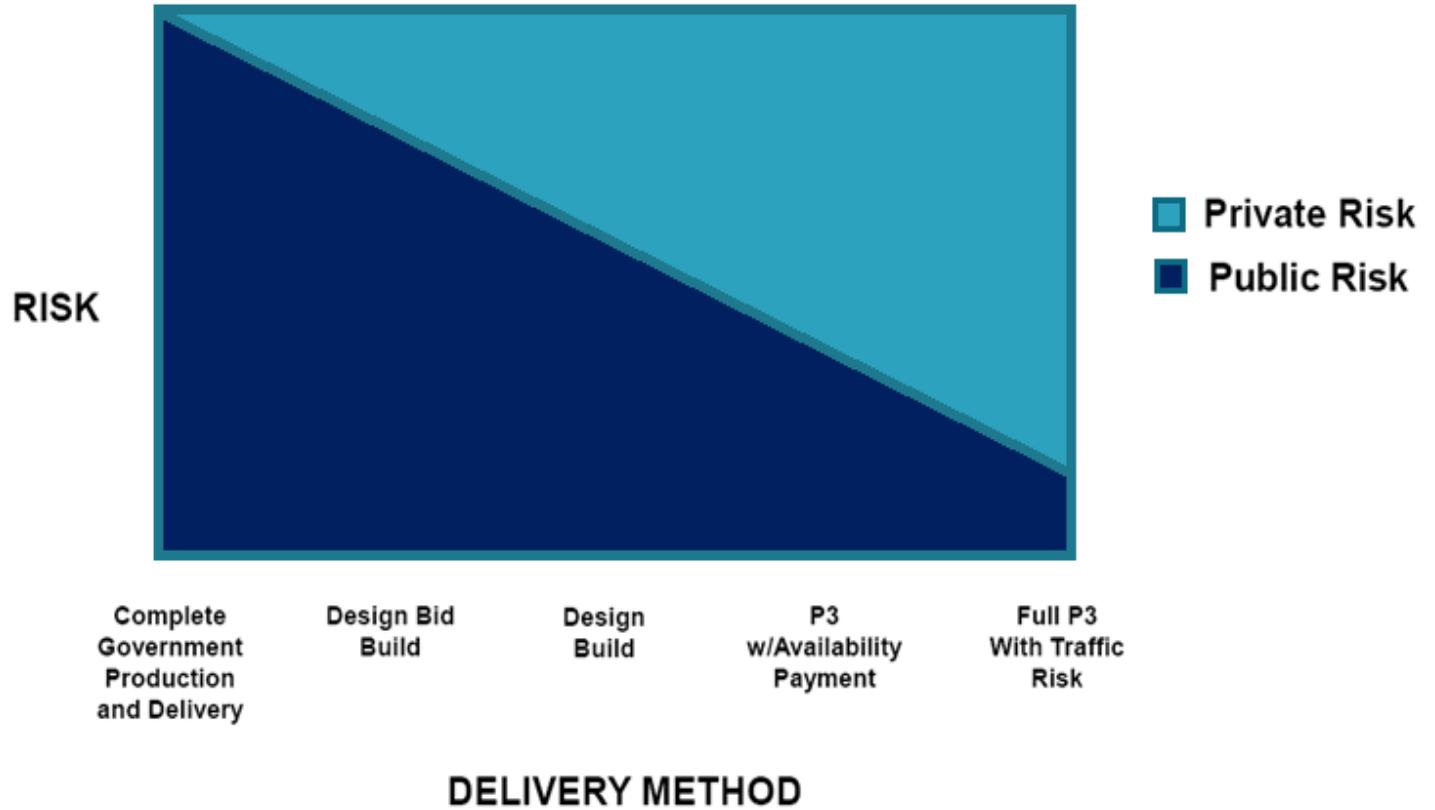


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# Risk Sharing





## Seven Keys to Successful PPPs

- **Public Sector Champion**
- **Statutory Environment**
- **Organized Structure**
- **Detailed Business Plan**
- **Clearly Defined Revenue Stream**
- **Stakeholder Support**
- **Pick Your Partner Carefully**





# Seven Keys to Successful PPPs



**Focus on the two most relevant to you**

- **Statutory Environment**
- **Organized Structure**



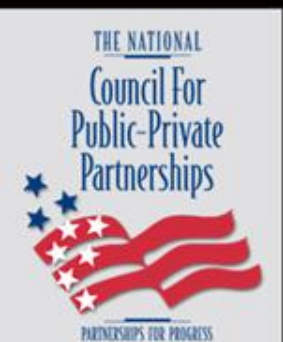


# Managing for Success – Seven Keys

## Component Two:

### Statutory Environment

- Statutory authority and regulations
  - Necessary for enforcement of the contract
- Rapid evolution underway at State levels
- Existing Federal authority for some agencies
  - DOD, VA vs. GSA and DOE





## My Favorite Quote



**“If you have seen one public-private partnership, you seen ONE public-private partnership.”**

A Former Administrator, Federal Transit Administration

**The point: No two are the same, so you need a “dedicated unit”**



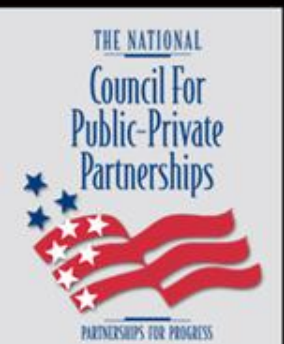


# Managing for Success – Seven Keys

## Component Three:

### Organized Structure

- A public sector “Dedicated Unit” (tied to the purpose, management, and oversight of the partnership)
- Dedicated and TRAINED personnel to monitor implementation (consultants and public employees)
- Per RFP process
  - Market evaluations of underutilized assets
  - **Public sector comparator and Value for Money**
- Best Value vs. Lowest Price
  - Full life cycle cost analysis
- Need for Good Governance
  - To assure an open and fair procurement process







# Managing for Success – Seven Keys

Component Three:

**Organized Structure (continued)**



Understanding the Value for Money Process

NCPMP White Paper

“Testing Tradition: Assessing the Added Value of Public-Private Partnerships”

at [www.ncppp.org](http://www.ncppp.org)





# Conclusions

## PPPs Not Easy, but . . .

- Need for Public sector education to overcome “institutional inertia”
- Can be a valuable option
  - Sometimes, the only way it can be done
- A means of cost effective, accelerated delivery
- Requires a genuine partnership and open communications between sectors





# Two Upcoming Educational Workshops

## Denver

### Implementing Partnerships for Colorado

May 22

Embassy Suites Denver – Downtown Convention Center

## Maryland

### Building Maryland Through Public-Private Partnerships: New Legislation, New Opportunities

June 27

Hilton Baltimore BWI Airport



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# Need Help?

[www.ncpppp.org](http://www.ncpppp.org)

Case Studies, Fundamentals of  
Partnerships, Issue Papers,  
Publications, Resources



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